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KNT HOLDINGS LIMITED

嘉藝控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1025)

DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION OF A PROPERTY

ACQUISITION OF A PROPERTY

The Board announces that the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional S&P Agreement with the Vendor on 20 February 2020 (after trading hours of the Stock Exchange) for the acquisition of the Property at a consideration of HK\$20,000,000.

LISTING RULES IMPLICATION

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to the fulfilment of conditions set out in the Provisional S&P Agreement and the Formal Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

(I) THE ACQUISITION

The Board announces that the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional S&P Agreement with the Vendor on 20 February 2020 (after trading hours of the Stock Exchange) for the acquisition of the Property at a cash consideration of HK\$20,000,000. Particulars of which are set out below:

Date: 20 February 2020 (after trading hours of the Stock Exchange)

Parties: Cannex Limited (as Vendor)

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

Purchaser:

KNT Limited, an indirect wholly-owned subsidiary of the Company.

Property: The properties are located at (i) Workshop no. 3 on 2nd Floor and Flat Roof no. 3 adjacent thereto; (ii) Workshop no. 3 on 17th Floor; and (iii) Van car park No. V3 on 1st Floor of EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong, which shall be used for workshop accommodation for non-domestic use. The aggregate indoor gross floor of approximately 4,800 square feet and approximately 3,996 square feet for outdoor.

The existing tenancy agreements for Workshop no. 3 on 2nd Floor and Flat Roof no. 3 adjacent thereto and Workshop no. 3 on 17th Floor will expire on 30 September 2020 and 31 July 2020 respectively.

**Consideration and
payment terms:**

The Consideration of HK\$20,000,000 has been determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the market price of neighbouring properties in the same building.

The Consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:–

- (i) an initial deposit in the sum of HK\$1,000,000 has been paid upon signing of the Provisional S&P Agreement;
- (ii) a further deposit in the sum of HK\$1,000,000 shall be paid on or before 28 February 2020; and
- (iii) the remaining balance of the Consideration in the sum of HK\$18,000,000 shall be paid upon Completion.

The Consideration will be financed by the net proceeds from the Global Offering.

Formal Agreement:

Pursuant to the Provisional S&P Agreement, the Vendor shall sell the Property to the Purchaser free from encumbrances. The Vendor and the Purchaser shall enter into the Formal Agreement on or before 28 February 2020.

Completion:

Completion shall take place on or before 15 April 2020.

Agency fee:

No agency fee will be paid.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a one-stop solutions provider of bridesmaid dresses, bridal gowns and special occasion dresses. The Group currently operates one production facility in Dongguan City in the PRC which maintained consistently high utilisation rates. As disclosed in the Prospectus and the announcement of the Company dated 13 February 2020, the Group planned to expand the production capacity by investing in or establishing a new production facility in Vietnam, and therefore the Board considered it is for the benefit of the Group to maintain an additional warehouse and logistic center in Hong Kong to facilitate the procurement and storage of raw materials.

This new Property will serve as a centralised logistic warehouse for raw materials collection and diversion hub to the Group's existing production facility in the PRC and our intended new production facility in Vietnam. In addition, the Property is situate at the same building of the Group's headquarter and workshops in Hong Kong, which offers great convenience to the operations and management of our existing production line in Hong Kong. The Board considered that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

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| “Acquisition” | the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Provisional S&P Agreement and the Formal Agreement |
| “Board” | the board of Directors |

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| “Company” | KNT Holdings Limited (嘉藝控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | the completion of the Acquisition pursuant to the terms and conditions of the Provisional S&P Agreement and the Formal Agreement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | HK\$20,000,000, being the total consideration payable by the Purchaser to the Vendor in respect of the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “Formal Agreement” | the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor on or before 28 February 2020 in relation to the Acquisition |
| “Global Offering” | as defined in the Prospectus |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time |

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| “Property” | (i) Workshop no. 3 on 2nd Floor and Flat Roof no. 3 adjacent thereto; (ii) Workshop no. 3 on 17th Floor; and (iii) Van car park No. V3 on 1st Floor of EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong |
| “Prospectus” | the prospectus dated 15 February 2019 issued by the Company relating to the Global Offering |
| “Provisional S&P Agreement” | the provisional agreement for sale and purchase dated 20 February 2020 entered into between the Vendor and the Purchaser in relation to the Acquisition |
| “Purchaser” | KNT Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Cannex Limited |

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

Hong Kong, 20 February 2020

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

* For identification purposes only