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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 COMPLETION OF THE DISPOSAL OF THE PROPERTY AND CHANGE IN USE OF PROCEEDS

COMPLETION OF THE DISPOSAL

Reference is made to the announcement of KNT Holdings Limited (the “**Company**”) dated 30 May 2022 (the “**Announcement**”) in relation to the Disposal. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The board of directors (the “**Board**”) of the Company is pleased to announce that the Disposal was completed on 7 July 2022.

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus issued by Company together with its subsidiaries, (the “**Group**”) dated 15 February 2019 (the “**Prospectus**”) in relation to the Global Offering, the annual report of the Company for the year ended 31 March 2020 dated 26 June 2020 and the annual report of the Company for the year ended 31 March 2021 dated 29 June 2021 and the announcement of the Company dated 30 June 2022 (the “**Reports and Announcement 2022**”) regarding the utilisation of the net proceeds from the Global Offering. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

* *For identification purpose only*

USE OF PROCEEDS

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and as amended and latest in the Reports and Announcement 2022, the actual net proceeds raised from the Global Offering, after deducting underwriting fees and commissions and other expenses relating to the Listing, were approximately HK\$56.9 million (the “**Net Proceeds**”). As at the date of this announcement, the Group has utilised approximately HK\$56.3 million, representing approximately 98.9%, of the Net Proceeds as follows:

Intended use of Net Proceeds	Approximate percentage of Net Proceeds	Actual amount of Net Proceeds <i>HK\$ million</i>	Actual amount utilised up to the date of this announcement <i>HK\$ million</i>	Unutilised amount of Net Proceeds as at the date of this announcement <i>HK\$ million</i>
Acquire certain properties and facilities in Hong Kong as logistics center to compliment and coordinate the Group’s existing business and production as well as that in Vietnam	38.9%	22.1	21.5	0.6
Repayment of bank borrowings	29.5%	16.8	16.8	–
Development of online business platform	6.5%	3.7	3.7	–
Working capital and general corporate purposes	25.1%	14.3	14.3	–
	<u>100.0%</u>	<u>56.9</u>	<u>56.3</u>	<u>0.6</u>

CHANGE IN USE OF PROCEEDS (INCLUDING THE NET PROCEEDS UPON THE COMPLETION OF THE DISPOSAL)

As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK\$0.6 million (the “**Unutilised Net Proceeds**”). Upon the completion of the Disposal, net proceeds of approximately HK\$8.5 million (the “**Disposal Net Proceeds**”) from the Disposal shall be subject to the intended use of proceeds as stated in the Prospectus and detailed in the below table. The Unutilised Net Proceeds together with the Disposal Net Proceeds amounted to approximately HK\$9.1 million (the “**Revised Unutilised Net Proceeds**”). The Board having considered the business development and the financial performance of the Group, and in particular, the continuous global impact of the COVID-19 pandemic to the operating environment, the on-going tension between the U.S. and the PRC (the “**Trade War**”), as well as the liquidity of the Group’s working capital, resolved to change the use of the Revised Unutilised Net Proceeds. Set out below is the proposed change of use of the Revised Unutilised Net Proceeds:

Intended use of Net Proceeds	Approximate percentage of Net Proceeds as stated in the Announcement 2022	Revised approximate percentage of Net Proceeds after re-allocation	Amount of Revised Unutilised Net Proceeds as at the date of this announcement before re-allocation <i>HK\$ million</i>	Amount of Revised Unutilised Net Proceeds as at the date of this announcement after re-allocation <i>HK\$ million</i>	Expected timeline for the intended use
Acquire certain properties and facilities in Hong Kong as logistics center to compliment and coordinate the Group’s existing business and production as well as that in Vietnam	38.9%	22.8%	9.1	–	N/A
Repayment of bank borrowings	29.5%	29.5%	–	–	N/A
Development of online business platform	6.5%	6.5%	–	–	N/A
Working capital and general corporate purposes	25.1%	41.2%	–	9.1	On or before 31 December 2022
	<u>100.0%</u>	<u>100.0%</u>	<u>9.1</u>	<u>9.1</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the Reports and Announcement 2022, the business of the Group has been significantly influenced since 2020 and the properties acquired in Hong Kong, which was intended to serve as warehouse for the logistic supply chain for online business and the existing business production, are not able to be used as intended in view of the scale of latest business development. The Board having reviewed the financial position of the Group due to the prolonged impact of the Trade War and the outbreak of COVID-19, the impairment caused by a major customer of the Group filing for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code in the United States in previous year, considers that it is more appropriate to realise the cash by disposing of the property and reallocation of the Revised Unutilised Net Proceeds of HK\$9.1 million for working capital and general corporate purposes. The Board considers that reallocation of HK\$9.1 million for working capital and general corporate purposes is effective to enhance the financial position and liquidity of the Group.

The Board will continue to assess the financial requirements and operations of the Group and the plan for the use of Revised Unutilised Net Proceeds and make revision when necessary. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considered that the proposed change in the use of Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, 7 July 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.