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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2022  
AND CHANGE OF ADDRESS OF HONG KONG BRANCH  
SHARE REGISTRAR AND TRANSFER OFFICE**

**FINANCIAL HIGHLIGHTS**

*For the year ended 31 March 2022*

- Revenue was approximately HK\$80.0 million (2021: approximately HK\$62.7 million).
- Gross profit was approximately HK\$4.0 million (2021: gross loss was approximately HK\$5.3 million).
- Loss for the year was approximately HK\$25.1 million (2021: approximately HK\$44.7 million).
- Basic and diluted loss per share was approximately HK3.7 cents (2021: HK7.2 cents)
- The Board does not recommend the payment of a final dividend (2021: nil).

\* *For identification purpose only*

The board of directors (the “Board”) of KNT Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Revenue	4	<b>79,978</b>	62,666
Cost of sales		<u><b>(75,996)</b></u>	<u>(67,923)</u>
Gross profit (loss)		<b>3,982</b>	(5,257)
Other income		<b>4,258</b>	1,327
Other gains and losses		<b>(1,215)</b>	(998)
Selling and distribution expenses		<b>(6,068)</b>	(4,975)
Administrative expenses		<b>(24,921)</b>	(25,472)
Impairment loss on trade receivables under expected credit losses model, net		<b>(7)</b>	(7,343)
Impairment loss recognised in respect of property, plant and equipment		<b>(19)</b>	(284)
Finance costs		<u><b>(1,063)</b></u>	<u>(1,610)</u>
Loss before taxation		<b>(25,053)</b>	(44,612)
Income tax expense	5	<u><b>(19)</b></u>	<u>(125)</u>
Loss for the year	6	<u><b>(25,072)</b></u>	<u>(44,737)</u>
			(Restated)
Loss per share			
Basic ( <i>HK cents</i> )	8	<u><b>(3.9)</b></u>	<u>(7.6)</u>
Diluted ( <i>HK cents</i> )		<u><b>(3.9)</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2022*

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Loss for the year	<b>(25,072)</b>	(44,737)
<b>Other comprehensive income (expense)</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Net gain on revaluation of properties	<b>1,356</b>	33,026
Deferred taxation relating to revaluation of properties	<b>(42)</b>	(5,325)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operation	<b>332</b>	2,374
Other comprehensive income for the year	<b>1,646</b>	30,075
Total comprehensive expense for the year	<b><u>(23,426)</u></b>	<b><u>(14,662)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2022*

	<b>As at 31 March</b>	
<i>Notes</i>	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	<b>34,309</b>	57,411
Investment properties	<b>22,400</b>	–
Right-of-use assets	<b>530</b>	738
Intangible asset	<b>78</b>	104
Deposit paid for acquisition in an associate	<b>3,000</b>	–
	<b>60,317</b>	58,253
<b>Current assets</b>		
Inventories	<b>9,403</b>	16,596
Trade receivables	<b>7,659</b>	8,699
Deposits, prepayment and other receivables	<b>2,860</b>	1,577
Loan receivable	<b>4,841</b>	–
Income tax recoverable	<b>157</b>	471
Pledged bank deposit	<b>2,000</b>	2,000
Bank balances and cash	<b>58,426</b>	8,452
	<b>85,346</b>	37,795
<b>Current liabilities</b>		
Trade payables	<b>2,717</b>	2,398
Other payables and accruals	<b>5,121</b>	4,845
Contract liabilities	<b>2,697</b>	2,333
Lease liabilities	<b>237</b>	227
Bank loans	<b>19,163</b>	27,330
Bank overdrafts	<b>5,668</b>	7,983
	<b>35,603</b>	45,116
<b>Net current assets (liabilities)</b>	<b>49,743</b>	(7,321)
<b>Total assets less current liabilities</b>	<b>110,060</b>	50,932

		<b>As at 31 March</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		291	528
Deferred tax liabilities		<u>5,646</u>	<u>5,585</u>
		<u>5,937</u>	<u>6,113</u>
<b>Net assets</b>		<b><u>104,123</u></b>	<b><u>44,819</u></b>
<b>Capital and reserves</b>			
Share capital	12	8,424	5,200
Reserves		<u>95,699</u>	<u>39,619</u>
<b>Total equity</b>		<b><u>104,123</u></b>	<b><u>44,819</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

KNT Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of principal place of business is 30th Floor, EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company is manufacturing and trading of garment products.

As at 31 March 2021, the Company is 45.38% owned by Strategic Elite Limited (“Strategic Elite”), a limited company incorporated in the British Virgin Islands (the “BVI”) and wholly owned by Mr. Chong Sik (“Mr. S Chong”), and 29.62% owned by Total Clarity Investments Limited (“Total Clarity”), a limited company incorporated in the BVI and wholly owned by Mr. Chong Pun (“Mr. P Chong”). Mr. P Chong and Mr. S Chong are brothers and they are acting in concert on their ownerships and exercise their control collectively over the Company in respect of all the relevant business activities of its subsidiaries for the year ended 31 March 2021. During the year ended 31 March 2022, the Company issued shares from the private placing and rights issue and the shareholding of Strategic Elite and Total Clarity decreased to 28.01% and 15.67% respectively.

During the current year, the Group commenced the business of selling accessories and entered into new leases for certain properties in Hong Kong. The directors of the Company reassessed the Company’s functional currency and have determined that Hong Kong Dollars (“HK\$”) better reflects the economic substance of the Company as an investment holding company after considering primary and additional factors provided in paragraph 10 and 11 of HKAS 21 “The Effects of Changes in Foreign Exchange Rates”. Accordingly, the functional currency of the Company was changed from United States Dollars (“US\$”) to HK\$. The change in functional currency of the Company was applied prospectively.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

***Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2***

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures”.

As at 1 April 2021, the Group has several borrowings, the interest of which are indexed to benchmark rates that will be or maybe subject to interest rate benchmark reform.

The following shows the total amounts of outstanding contracts. The amounts of borrowings are shown at their carrying amounts.

	<b>HKD Hong Kong Interbank Offered Rate  (“HIBOR”) HK\$’000</b>
Secured bank borrowings	<u><u>10,992</u></u>

The amendments have had no impact on the consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the year.

**Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)**

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group’s accounting policy prior to the Committee’s agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee’s agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

## **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### ***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)***

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and



- (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

#### ***Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

### ***Amendments to HKAS 8 Definition of Accounting Estimates***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

### ***Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

As disclosed in the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

The amendments are effective for the Group’s annual reporting periods beginning on 1 April 2023. Based on the Group’s right-of-use assets and lease liabilities as at 31 March 2022, the application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

### 3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group, net of discounts.

The following is an analysis of the Group's revenue:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Sales of garment products recognised at a point in time</b>		
Bridesmaid dresses	39,807	44,137
Bridal gowns	7,565	7,040
Special occasion dresses	8,297	8,717
Accessories	22,696	–
Others ( <i>Note</i> )	1,613	2,772
	<hr/>	<hr/>
Total	<b>79,978</b>	<b>62,666</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Others include sales of fashion apparels, fabrics and other garment accessories.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Geographical markets</b>		
United States of America	36,984	49,286
Hong Kong	24,716	1,495
Europe	10,701	6,343
Australia	2,488	1,773
Others	5,089	3,769
	<hr/>	<hr/>
Total	<b>79,978</b>	<b>62,666</b>
	<hr/> <hr/>	<hr/> <hr/>

## Segment information

The Group's operation is solely derived from manufacturing and trading of garment products during the year. For the purpose of resources allocation and performance assessment which focuses on revenue analysis by geographic location of customers, the chief operating decision maker (i.e. the executive directors of the Company) reviews revenue analysis by geographic location of customers, overall results and financial position of the Group as a whole based on same accounting policies. No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures are presented.

## Geographical information

The Group's operations are mainly located in Hong Kong and the PRC. All non-current assets as at 31 March 2022 and 2021 were located in Hong Kong and the non-current asset located in the PRC had been fully impaired.

The Group's revenue from external customers based on the location of customers are disclosed above in this note.

## Information about major customers

Revenue from customers individually contributing over 10% of the Group's revenue during the year are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	18,891	23,866
Customer B	18,868	N/A*
Customer C	8,986	12,378
Customer D	N/A*	6,286

\* *The corresponding revenue did not contribute over 10% of the total revenue of the Group.*

## 5. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Under provisions in prior years		
– PRC Enterprise Income Tax	–	160
Deferred tax charge (credit)	<u>19</u>	<u>(35)</u>
Income tax expense	<u><b>19</b></u>	<u><b>125</b></u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No Hong Kong Profits Tax has been provided in the consolidated financial statements for both years as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses or did not incur assessable profits.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years. No PRC Enterprise Income Tax has been provided in the consolidated financial statements for both years as the PRC subsidiaries are either suffering from tax losses or did not incur assessable profits.

## 6. LOSS FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	1,159	1,075
Directors' emoluments	4,058	4,736
Other staff costs:		
– Salaries and other allowances	25,682	23,596
– Retirement benefits scheme contributions	2,501	1,006
Total staff costs	32,241	29,338
<i>Less: Amount capitalised in inventories</i>	<i>(14,444)</i>	<i>(13,133)</i>
	17,797	16,205
Depreciation of right-of-use assets	1,860	207
Depreciation of property, plant and equipment	1,460	1,477
<i>Less: Amount capitalised in inventories</i>	<i>(1,533)</i>	<i>–</i>
	1,787	1,684
Amortisation of intangible asset	26	26
Cost of inventories recognised as cost of sales (including write down of inventories of HK\$8,008,000 (2021: HK\$13,617,000))	75,996	67,923

## 7. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	<u>(25,072)</u>	<u>(44,737)</u>
		(Restated)
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>646,612</u>	<u>587,600</u>

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted retrospectively to reflect the impact of rights issue on 24 February 2022. The comparative amount of the basic loss per share for the year ended 31 March 2021 has been restated to reflect the impact of the bonus element of the rights issue.

The effects of potential dilution of the private placement and rights issue were not considered in calculating the diluted loss per share for year ended 31 March 2022 because they are antidilutive.

No diluted loss per share was presented for the year ended 31 March 2021 as there were no potential ordinary shares in issue during the year ended 31 March 2021.

## 9. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables from third parties	4,848	6,268
Trade receivables from a related company	2,821	4,473
Less: Loss allowance	<u>(10)</u>	<u>(2,042)</u>
	<u><b>7,659</b></u>	<u><b>8,699</b></u>

The following is an ageing analysis of trade receivables from third parties (net of loss allowance) of the Group presented based on the invoice dates, which approximates to the dates of delivery of goods on which revenue was recognised, at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	3,684	2,868
31 – 60 days	255	41
61 – 90 days	434	178
91 – 180 days	464	290
181 – 365 days	1	–
Over 365 days	<u>–</u>	<u>849</u>
	<u><b>4,838</b></u>	<u><b>4,226</b></u>

## 10. TRADE PAYABLES

The credit period on purchase of goods ranged from 0 to 60 days. The ageing analysis of the trade payables of the Group presented based on the invoice dates at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	2,189	1,785
31 – 60 days	363	358
61 – 90 days	146	240
91 – 180 days	4	2
181 – 365 days	–	2
Over 365 days	<u>15</u>	<u>11</u>
	<u><b>2,717</b></u>	<u><b>2,398</b></u>



## 11(a). BANK LOANS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unsecured and guaranteed:		
Bank loans	<u>5,811</u>	<u>5,000</u>
Secured and guaranteed:		
Bank loans	<u>13,352</u>	<u>22,330</u>
Total	<u><u>19,163</u></u>	<u><u>27,330</u></u>
Carrying amounts of bank loans which are based on scheduled repayment dates set out in the loan agreements and classified as current due to repayment on demand clause:		
Within one year	10,793	12,495
More than one year but not more than two years	1,698	8,584
More than two years but not more than five years	5,284	5,440
More than five years	<u>1,388</u>	<u>811</u>
Amounts shown under current liabilities	<u><u>19,163</u></u>	<u><u>27,330</u></u>

The variable-rate bank loans bear interest at Hong Kong Prime Rate minus a spread, bank's standard bills rate and HIBOR plus a spread per annum. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable-rate bank loans are 1.63% – 5.00% (2021: 2.25% – 5.00%).

## 11(b). BANK OVERDRAFTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured and guaranteed:		
Bank overdrafts	<u><u>5,668</u></u>	<u><u>7,983</u></u>

The variable-rate bank overdrafts bear interest at Hong Kong Prime Rate per annum. The effective interest rate (which is also equal to contracted interest rate) on the Group's variable-rate bank overdrafts was 5.25% (2021: ranged from 5.00% – 5.25%).

## 12. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 April 2020, 31 March 2021 and 31 March 2022	<u>10,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 1 April 2020 and 31 March 2021	520,000,000	5,200
Placing of shares ( <i>Note (a)</i> )	104,000,000	1,040
Issue of shares upon rights issue ( <i>Note (b)</i> )	<u>218,432,607</u>	<u>2,184</u>
At 31 March 2022	<u>842,432,607</u>	<u>8,424</u>

### *Notes:*

- (a) On 30 September 2021, agreements were made for private placement to independent private investors of 104,000,000 ordinary shares of HK\$0.25 each representing a discount of approximately 16.67% to the closing market price of the Company's ordinary shares on 30 September 2021. The private placement was completed on 20 October 2021.

The new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 20 August 2021. The private placement is not subject to shareholder's approval and not proportion to shareholding. Total net proceeds of approximately HK\$25,348,000 were raised after deducting the transaction costs attributable to issue of new shares which rank pari passu with other shares in issue in all respects.

- (b) On 24 February 2022, the Company issued 218,432,607 shares by way of rights issue on the basis of one right shares for every two existing ordinary shares held by the shareholders at a subscription price of HK\$0.275 per share representing a discount of approximately 15.4% to the closing market price of the Company's ordinary shares on 17 December 2021. The net proceeds from the rights issue were approximately HK\$57,382,000 after deducting the transaction costs attributable to issue of new shares.

## 13. COMPARATIVE FIGURES

Certain comparative figures have been re-presented to conform to the current year's presentation, including (i) separate presentation of selling and distribution expenses in the consolidated statement of profit or loss, (ii) grouping of impairment loss on deposits in other gain and losses in the consolidated statement of profit or loss; (iii) separate presentation of bank overdrafts and loans in the consolidated statement of financial position and (iv) grouping of trade related amount due from related party to trade receivables in the consolidated statement of financial position.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is a one-stop solutions provider of bridesmaid dresses, bridal gowns and special occasion dresses. The Group principally sells its products to brand apparel companies based in the United States. Over the years, the Group has built reputation and gained customers' recognition from its dedication to provide its customers with one-stop solutions and consistently high quality products, which has increased its customers' reliance on it and in turn enabled it to maintain its market position as one of the leading bridesmaid dresses manufacturers in the PRC. The Group is the sole supplier of certain largest customers for bridesmaid dresses whom had maintained long years of relationship with the Group. In addition to manufacturing products for its customers, the Group strives to become an integral part of its customers' business operations by offering a wide range of value-added services ranging from fashion trend analysis, product design and development, raw material procurement, production, quality assurance to inventory management. The Group has also commenced developing its online business platform for the sale of fashion apparels since November 2020. In addition, the Group commenced the business of selling accessories during the year ended 31 March 2022.

The Group recorded revenue of approximately HK\$80.0 million for the year ended 31 March 2022, representing an increase of approximately 27.6% as compared to that of approximately HK\$62.7 million for the year ended 31 March 2021. Revenue from the United States accounted for approximately 78.6% and 46.2% of the total revenue of the Group for the year ended 31 March 2021 and 2022 respectively. The gross profit margin increased from gross loss margin of 8.4% for the year ended 31 March 2021 to gross profit margin of 5.0% for the year ended 31 March 2022. Loss for the year amounted to approximately HK\$44.7 million and approximately HK\$25.1 million for the years ended 31 March 2021 and 2022 respectively.

During the year ended 31 March 2022, the Group continued to experience a challenging operating environment in view of prolonged trade disputes between the United States and China, tariff imposed, political tensions and continuing uncertainties in 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.

In addition, due to the outbreak of the novel coronavirus disease (COVID-19) since beginning of 2020, it has brought significant disruption to the global economy and caused adverse impact to the business environment of the Group. The Group made impairment loss net of reversal on trade receivables of approximately HK\$7.3 million, mainly related to one of the major customers who has filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code for the year ended 31 March 2021. As there is no such impairment provided for the year, the loss for the year ended 31 March 2022 decreased significantly.

## **PROSPECT**

In light of the prolonged trade disputes between the US and China and the resulting unprecedented negative business outlook from COVID-19 crisis, 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.

Currently, the Company is negotiating with a reputable outlet operator (the “Outlet Partner”) in the PRC in developing possible procurement and distribution business for new retailing and the Outlet Partner in the PRC, which enables the Group to commence procurement and distribution business for branded fashion, garments, and accessories in the PRC; and have its products reach out to the consumers in the PRC through the platform of the Outlet Partner. This opportunity could, on one hand, complement the business of the Group and, on the other hand, enable the Group to be benefited from expanding its client base in the PRC. The Group’s revenue base will therefore be broadened in the future and is expected to increase investment returns to the shareholders. The Group is also taking cost-control measures throughout the year so as to cope with the lingering business downturn. With the Group’s proven track record, experienced management team and reputation in the market, the Group is well-positioned and well-equipped to sustain its development and grasp the opportunities to enhance the long-term potential growth in future for safeguard the interest of the shareholders.

## **Revenue**

Revenue represents revenue from the sale of bridesmaid dresses, bridal gowns, special occasion dresses, accessories, fashion apparels and fabrics and other garment accessories.

Revenue increased by approximately HK\$17.3 million or approximately 27.6% from approximately HK\$62.7 million for the year ended 31 March 2021 to approximately HK\$80.0 million for the year ended 31 March 2022. The overall increase in revenue was primarily attributable to the net effect of the increase in revenue generated from the sale of accessories of approximately HK\$22.7 million and the decrease in revenue generated from the sale of bridesmaid dresses of approximately HK\$4.3 million.

The decrease in revenue generated from the sale of bridesmaid dresses from approximately HK\$44.1 million for the year ended 31 March 2021 to approximately HK\$39.8 million for the year ended 31 March 2022 was primarily a result of the aggregate effect of the decrease in sales quantity from 152.6 thousand units for the year ended 31 March 2021 to 121.7 thousand units for the year ended 31 March 2022 and the increase in average selling prices of bridesmaid dresses from HK\$289 for the year ended 31 March 2021 to HK\$327 for the year ended 31 March 2022. The decrease in sales quantity of bridesmaid dresses was attributable to fewer orders from customers with the escalation of trade tensions between China and the United States and the outbreak of COVID-19.

## **Cost of sales**

Cost of sales primarily consists of raw material costs, subcontracting charges, labour costs, overhead costs and others.

Cost of sales increased by approximately HK\$8.1 million or approximately 11.9% from approximately HK\$67.9 million for the year ended 31 March 2021 to approximately HK\$76.0 million for the year ended 31 March 2022. The increase was in line with the increase in revenue derived from the sale of accessories.

### **Gross profit (loss) and gross profit (loss) margin**

The Group recorded a gross profit of approximately HK\$4.0 million for the year ended 31 March 2022 and a gross loss of approximately HK\$5.3 million for the year ended 31 March 2021. Gross profit margin was 5.0% for the year ended 31 March 2022 and gross loss margin was 8.4% for the year ended 31 March 2021. The gross profit and gross profit margin was mainly attributable to the decrease in write down of inventories for the year ended 31 March 2022 compared to that of last year.

### **Other income**

Other income increased by approximately HK\$2.9 million or approximately 223.1% from approximately HK\$1.3 million for the year ended 31 March 2021 to approximately HK\$4.2 million for the year ended 31 March 2022. The increase was mainly attributable to the government grants of approximately HK\$1.6 million in respect of dedicated fund on branding, upgrading and domestic sales launched by the Hong Kong government, recovery of debts previously written off of approximately HK\$0.9 million and forfeiture of deposit of HK\$0.5 million upon the cancellation the purchase of properties by the purchaser and rental income of approximately HK\$0.7 million.

### **Other gains and losses**

Other losses represented net exchange loss and change in fair value of investment properties for the year ended 31 March 2022 while other losses represented net exchange gain and impairment loss on deposits for the year ended 31 March 2021. The increase in losses was mainly attributable to the decrease in fair value in investment properties and exchange loss from transactions denominated in Renminbi which appreciated during the year ended 31 March 2022.

### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately HK\$1.1 million or approximately 22.0% from approximately HK\$5.0 million for the year ended 31 March 2021 to approximately HK\$6.1 million for the year ended 31 March 2022. The increase was mainly attributable to the increase in advertising and promotion expenses upon the commencement of online business for fashion apparels and the increase in transportation costs due to the tight capacity and high demand in the market during the year ended 31 March 2022.

## **Administrative expenses**

Administrative expenses decreased by approximately HK\$0.6 million or approximately 2.4% from approximately HK\$25.5 million for the year ended 31 March 2021 to approximately HK\$24.9 million for the year ended 31 March 2022. The decrease was mainly attributable to the decrease in legal and professional fees.

## **Finance costs**

Finance costs decreased by approximately HK\$0.5 million or 31.2% from approximately HK\$1.6 million for the year ended 31 March 2021 to approximately HK\$1.1 million for the year ended 31 March 2022. The decrease was mainly attributable to the decrease in the average bank borrowings during the year ended 31 March 2022.

## **Income tax expense**

Income tax expense for the year ended 31 March 2022 mainly represented the temporary differences arising from depreciation.

## **Loss for the year**

The Group recorded a loss of approximately HK\$25.1 million for the year ended 31 March 2022 and a loss of approximately HK\$44.7 million for the year ended 31 March 2021. The decrease in loss was primarily attributable to (i) the decrease in impairment loss on trade receivables and deposits; (ii) the decrease in write down of inventories; and (iii) the increase in other income.

## **Dividends**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022.

## **Capital structure**

The capital structure of the Company comprises of issued share capital and reserves. As at the date of this announcement, the issued share capital of the Company was HK\$8.4 million and the number of issued ordinary shares was 842,432,607 of HK\$0.01 each.

## Liquidity and financial resources

The Group generally finances its operation by internal cash generated from operations and bank borrowings. As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$52.8 million (31 March 2021: approximately HK\$0.5 million) and had net current assets of approximately HK\$49.7 million (31 March 2021: net current liabilities of approximately HK\$7.3 million).

On 20 October 2021, the Company completed a placing of 104,000,000 new shares under general mandate (the “Placing”) at a price of HK\$0.25 per placing share. The net proceeds from the Placing, after deducting commission and other expenses incidental to the Placing, were approximately HK\$25.3 million. Details of the Placing were set out in the Company’s announcements dated 30 September 2021, 20 October 2021 and 29 October 2021. The net proceeds were used for repayment of bank loans and amount due to a controlling shareholder of approximately HK\$14.6 million and payment to suppliers and operating expenses of HK\$10.7 million as intended.

On 24 February 2022, the Company completed a rights issue at a price of HK\$0.275 per rights share on the basis of one rights share for every two existing shares held by the qualifying shareholders on the record date (the “Rights Issue”). Details of the Rights Issue were set out in the Company’s announcements dated 20 December 2021, 12 January 2022, 14 January 2022, 11 February 2022 and 23 February 2022 and the Company’s prospectus dated 20 January 2022. The net proceeds from the Rights Issue, after deducting all related costs, fees, expenses and commission, were approximately HK\$57.4 million which would be apply for general working capital of the Group and development of outlet business.

The current ratio of the Group was approximately 2.4 times as at 31 March 2022, compared to that of approximately 0.8 times as at 31 March 2021. The current ratio increased was mainly attributable to the increase in cash and cash equivalents and the decrease in bank loans.

The gearing ratio of the Group, which is calculated by dividing the total bank borrowings by the total equity and then multiplied by 100%, was 23.8% as at 31 March 2022 (31 March 2021: 78.8%). The gearing ratio decreased was mainly attributable to the decrease in bank loans as at 31 March 2022 and the increase in issued share capital from the placing and rights issue which led to increase in total equity compared to that of 31 March 2021.



## **Pledge of assets**

As at 31 March 2022, the Group pledged leasehold land and buildings with carrying value of approximately HK\$32.3 million (31 March 2021: approximately HK\$55.4 million), investment properties with carrying value of HK\$22.4 million (31 March 2021: nil) and bank deposit of HK\$2.0 million (31 March 2021: HK\$2.0 million) to secure certain banking facilities granted to the Group.

## **Foreign exchange risk**

Certain transactions of the Group are denominated in foreign currencies which are different from Hong Kong Dollar, the functional currency of the Group, and therefore the Group is exposed to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **Material acquisitions and disposals of subsidiaries and associated companies**

During the year ended 31 March 2022, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

## **Significant investments held**

As at 31 March 2022, the Group had no significant investments held (31 March 2021: nil).

## **Events after the reporting period**

### ***Lease modification***

On 21 April 2022, the Group modified leases entered into with Mr. S Chong and Mr. P Chong for the use of factory premises and staff dormitories to extend for one year with total future gross undiscounted lease payments of approximately HK\$3,216,000.

### ***Disposal of an investment property***

On 30 May 2022, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of a property in Hong Kong at a consideration of HK\$8,650,000, of which details of the disposal of property were disclosed in the announcement of the Company on the same date. Deposits of HK\$865,000 were received up to the date of issuance of this announcement and the remaining consideration of HK\$7,785,000 shall be received upon completion of the disposal of the property. The directors of the Company expect that the disposal will be completed in July 2022.

### ***Completion of acquisition of an associate***

On 6 June 2022, the acquisition of an associate was completed. Accordingly, HK\$3,000,000 of deposit paid for acquisition of an associate as at 31 March 2022 was transferred to interest in an associate.

### **Employees and remuneration policy**

As at 31 March 2022, the Group had 262 employees (31 March 2021: 295 employees). The total staff costs, including directors' emoluments, of the Group for the year ended 31 March 2022 were approximately HK\$32.2 million (2021: approximately HK\$29.3 million).

Remuneration is determined with reference to market norms and the performance, qualification and experience of individual employee. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. The remuneration package generally includes basic salaries, discretionary bonuses and contributions to retirement benefits scheme. The Group provides training for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills.

### **Capital commitment**

As at 31 March 2022, the Group did not have any material capital commitment (31 March 2021: nil).

### **Contingent liabilities**

As at 31 March 2022, the Group did not have any material contingent liabilities (31 March 2021: nil).

## Use of net proceeds

### (I) Use of net proceeds from the Listing

The net proceeds from the Listing, after deducting underwriting fees and commissions and other expenses relating to the Listing, were approximately HK\$56.9 million (the “Net Proceeds”).

As at 31 March 2022, the Group has utilised approximately HK\$56.3 million, representing approximately 98.9%, of the Net Proceeds from the Listing.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumptions of future market conditions made by the Group at the time of preparing the Prospectus. The Group will continuously evaluate the business objectives and will change or modify the plans against the changing market conditions for meeting the business growth and long term interest of the Group.

	Actual amount of Net Proceeds as at 31 March 2021 <i>HK\$ million</i>	Actual amount utilised as at 31 March 2022 <i>HK\$ million</i>	Amount of Unutilised Net Proceeds as at 31 March 2022 <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	22.1	21.5	0.6	On or before 31 March 2023
Repayment of bank borrowings	16.8	16.8	–	N/A
Development of online business platform	3.7	3.7	–	N/A
Working capital and general corporate purposes	14.3	14.3	–	N/A
	<u>56.9</u>	<u>56.3</u>	<u>0.6</u>	

As at 31 March 2022, the unutilised Net Proceeds were placed in licensed banks in Hong Kong.

## **(II) Use of net proceeds from the Placing**

On 20 October 2021, the Company completed a placing of 104,000,000 new shares under general mandate (the “Placing”) at a price of HK\$0.25 per placing share. Details of the Placing were set out in the Company’s announcements dated 30 September 2021, 20 October 2021 and 29 October 2021.

The net proceeds from the Placing, after deducting commission and other expenses incidental to the Placing, were approximately HK\$25.3 million.

As at 31 March 2022, the net proceeds were used for repayment of bank loans and amount due to a controlling shareholder of approximately HK\$14.6 million and payment to suppliers and operating expenses of HK\$10.7 million as intended.

## **(III) Use of net proceeds from the Rights Issue**

On 24 February 2022, the Company completed a rights issue at a price of HK\$0.275 per rights share on the basis of one rights share for every two existing shares held by the qualifying shareholders on the record date (the “Rights Issue”). Details of the Rights Issue were set out in the Company’s announcements dated 20 December 2021, 12 January 2022, 14 January 2022, 11 February 2022 and 23 February 2022 and the Company’s prospectus dated 20 January 2022.

The net proceeds from the Rights Issue, after deducting all related costs, fees, expenses and commission, were approximately HK\$57.4 million which would be apply for general working capital of the Group and development of outlet business.

As at 31 March 2022, the Group has utilised approximately HK\$6.6 million, representing approximately 11.5%, of the net proceeds from the Rights Issue.

<b>Intended use</b>	<b>Actual amount of net proceeds from the Rights Issue HK\$ million</b>	<b>Actual amount of net proceeds utilised from the Rights Issue as at 31 March 2022 HK\$ million</b>	<b>Amount of net proceeds unutilised from the Rights Issue as at 31 March 2022 HK\$ million</b>	<b>Expected timeline for the intended use</b>
General working capital of the Group	34.5	6.6	27.9	On or before 31 March 2023
Development of outlet business	22.9	–	22.9	On or before 31 March 2023
<b>Total</b>	<b>57.4</b>	<b>6.6</b>	<b>50.8</b>	

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year.

## **ANNUAL GENERAL MEETING**

The annual general meeting (“AGM”) of the Company will be held on Friday, 19 August 2022. The notice of AGM will be sent to the shareholders in the manner required by the Listing Rules in due course.

## **CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

With effect from 15 August 2022, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited (the “Branch Share Registrar”), will change its address from Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong to

**17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong**

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

## **CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT AGM**

For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 16 August 2022 to Friday, 19 August 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on 15 August 2022) for registration not later than 4:30 p.m. on Monday, 15 August 2022.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board is committed to maintaining good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (“CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as the basis of the Company’s corporate governance practices.

The Board is of the view that throughout the year ended 31 March 2022, the Company has complied with the code provisions set out in the CG Code, except for code provision A.2.1 (which has been renumbered as code provision C.2.1 since 1 January 2022).

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The chairman and chief executive officer of the Company are held by Mr. Chong Sik who is one of the co-founders of the Group and has extensive experience in the industry. The Board believes that Mr. Chong Sik can provide the Company with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies.

The Board is of the view that given that Mr. Chong Sik had been responsible for leading the strategic planning and business development of the Group, the arrangement would allow for effective and efficient planning and implementation of business decisions and strategies under the strong and consistent leadership, and should be overall beneficial to the management and development of the Group’s business.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has devised its own Code of Ethics and Securities Transactions (the “Code of Ethics”) regarding dealings in the Company’s securities by directors and the relevant employees who are likely to be in possession of inside information of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Code of Ethics throughout the year.

No incident of non-compliance of the Code of Ethics by the employees was noted by the Company.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) on 31 January 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code Provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

The Audit Committee comprises four members, namely Mr. Leung Martin Oh Man, Mr. Lau Koong Yep, Mr. Yuen King Sum and Mr. Lau Kwok Fan, all being independent non-executive directors. Mr. Leung Martin Oh Man is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial results of the Group for the year ended 31 March 2022, including the accounting principles and practices adopted by the Group, and discussed matters relating to auditing, risk management and internal control and financial reporting.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Company (<http://www.kntholdings.com>) and the website of the Stock Exchange (<http://www.hkexnews.hk>). The annual report of the Company for the year ended 31 March 2022 will also be published on the respective websites of the Company and the Stock Exchange and will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 30 June 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.*