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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent
BLOOMYEARS LIMITED

THE PLACING

On 30 September 2021 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 104,000,000 Placing Shares at the Placing Price of HK\$0.250 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate.

* For identification purpose only

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represents (i) 20% of the existing issue share capital of the Company of 520,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,040,000.

The Placing Price of HK\$0.250 per Placing Share represents (i) a discount of 16.67% to the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of 18.57% of the average closing price of HK\$0.307 per Share on the last five trading days immediately prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and maximum net proceeds from the Placing will be approximately HK\$26.0 million and approximately HK\$25.2 million, respectively. The net proceeds from the Placing are intended to be utilized as general working capital of the Group. The net price per Placing Share is approximately HK\$0.242.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date	30 September 2021 (after trading hours)
Parties	(i) the Company as the issuer; and (ii) the Placing Agent as the placing agent

Placing Shares

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 104,000,000 Placing Shares to independent Placees. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its respective associates are Independent Third Parties.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares either by themselves or through their respective sub-placing agents to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 104,000,000 Placing Shares under the Placing represents (i) 20% of the existing issue share capital of the Company of 520,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,040,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.250 per Placing Share represents (i) a discount of 16.67% to the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of 18.57% to the average closing price of HK\$0.307 per Share on the last five trading days immediately prior to the date of the Placing Agreement. The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The placing commission to be received by the Placing Agent pursuant to the Placing Agreement is 2.5% of the aggregate Placing Price (being HK\$650,000) of the Placing Shares (being the maximum number of 104,000,000 Shares).

General Mandate to allot and issue the Placing Shares

The Placing Shares will be issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Under the General Mandate, the Company is authorised to issue up to 104,000,000 new Shares.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Condition of the Placing Agreement

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting a listing of, and permission to deal in, the Placing Shares.

Independence of the Placing Agent

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its beneficial owners are independent of and not connected with and not acting in concert with the Company, the Directors, chief executives or substantial Shareholders of the Company or its subsidiaries, or any of their respective associates.

Completion of the Placing

Completion of the Placing, in any event, will take place on the Completion Date.

If the above condition is not fulfilled by 15 October 2021 (or such later date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties under the Placing Agreement shall have any claim against any other party in respect of the Placing, save for any antecedent breaches.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on Completion Date, if in its absolute opinion, the success of the Placing would be materially and adversely affected by any force majeure event:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which is likely to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially adversely affect the success of the Placing; or

- (iii) any material adverse change in conditions of local, national or international securities markets occurs which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere and if in Placing Agent's reasonable opinion, any such change or development would materially adversely affect the success of the Placing; or
- (vi) any litigation or claim being instigated against any member of the Group, which has or is likely to have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (vii) any material breach of any of the representations and warranties set out under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date 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 under the Placing Agreement; or
- (viii) there is any adverse change in the financial position of the Company which is material in the context of the Placing; or
- (ix) the trading of the Shares on the Stock Exchange has been suspended for more than five consecutive trading days save for temporary suspension in connection with the Placing.

Upon giving of notice pursuant to the paragraphs above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of occurrence of any such events as at the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide additional working capital to the Group to meet its ongoing development and its existing operations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

The maximum gross proceeds of the Placing will be HK\$26.0 million and the maximum net proceeds of the Placing, after deduction of expenses, are estimated to be approximately HK\$25.2 million, presenting a net issue price of approximately HK\$0.242 per Placing Share. It is intended that the net proceeds arising from the Placing will be used as general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

The Board confirms that the Company has not raised any funds on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding in the Company (a) as at the date of this announcement; and (b) immediately after Completion are as follows:

	As at the date of this announcement		Immediately after the Completion (Assuming the maximum number of Placing Shares is placed and there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing)	
	Shares	%	Shares	%
Strategic Elite Limited (Note 1)	235,950,000	45.38	235,950,000	37.81
Total Clarity Investments Limited (Note 2)	154,050,000	29.62	154,050,000	24.69
Placees	–	–	104,000,000	16.67
Other public Shareholders	130,000,000	25.00	130,000,000	20.83
	<u>520,000,000</u>	<u>100.00</u>	<u>624,000,000</u>	<u>100.00</u>

Notes:

- Ms. Lok Pui Yee, Fanny is the spouse of Mr. Chong Sik and is deemed to be interested in all the shares indirectly held or interested in by Mr. Chong Sik through Strategic Elite Limited pursuant to the SFO.
- Ms. Tsang Kit Fong is the spouse of Mr. Chong Pun and is deemed to be interested in all the shares indirectly held or interested in by Mr. Chong Pun through Total Clarity Investments Limited pursuant to the SFO.

GENERAL

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to Shareholders' approval. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which commercial banks generally are open for business in Hong Kong other than (i) a Saturday or (ii) a “general holiday” as defined in section 2 of the General Holidays Ordinance (Cap.149, Laws of Hong Kong), or one of the days specified from time to time in the Schedule to that Ordinance as being “general holidays” under Section 3 thereof or (iii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above 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
“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
“Completion”	the completion of the Placing

“Completion Date”	within four (4) Business Days following the fulfillment of the condition in respect of Placing Agreement or such other date agreed by Company and the Placing Agent
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 20 August 2021 to issue and allot up to 104,000,000 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Independent Third Party”	party who is independent of, and not connected with the Directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the Listing Rules
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares (who will be professional, institutional and/or individual investors independent of and not connected with or acting in concert with any of the directors, substantial shareholders and chief executive of the Company, or any of its subsidiaries and their respective associates or any parties acting in concert with any of them)
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement upon the terms and subject to the conditions set out in the Placing Agreement

“Placing Agent”	Bloomyears Limited, a corporation to carry on type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 30 September 2021 in relation to the Placing
“Placing Price”	HK\$0.250 per Placing Share
“Placing Shares”	up to a total of 104,000,000 new Shares to be placed pursuant to the Placing Agreement upon the terms and subject to the conditions set out in the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 30 September 2021

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.