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
DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On 30 September 2024, the Company and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Share, representing 100% of the issued share capital of the Disposal Company for a consideration of HK$5,500,000.

Upon Completion, the Disposal Company will no longer be a subsidiary of the Company, and the Company will cease to hold any of the issued share capital of the Disposal Company. Accordingly, the financial results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* *For identification purpose only*

INTRODUCTION

On 30 September 2024, the Company and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Share for a consideration of HK$5,500,000. Details of the Share Transfer Agreement are set out in this announcement below.

SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are set out as follows:

Date: 30 September 2024

Parties:

(1) the Company, as the Vendor;

and

(2) the Purchaser

The Purchaser is a company incorporated in Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

Subject matter: The Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Share, representing 100% of the issued share capital of the Disposal Company.

Consideration: HK$5,500,000.

Payment terms: The sum of HK$5,500,000 shall be paid by the Purchaser to the Company in accordance with the following manners:

(i) HK$2,000,000 to be payable on or before 31 October 2024;

(ii) HK$2,000,000 to be payable on or before 30 November 2024; and

(iii) the balance of HK$1,500,000 to be payable on or before 31 December 2024

The Consideration was determined after arm's length negotiations between the parties with reference to the unaudited management account of the Disposal Group for the five months ended 31 August 2024 and the financial performance of the Disposal Group.

Completion of the Disposal took place immediately after signing of the Share Transfer Agreement.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a limited liability company incorporated in the British Virgin Islands which is beneficially owned as to 100% by the Company as at the date of the Share Transfer Agreement.

The Disposal Company is an investment company. The Disposal Group is mainly engaged in the operation of restaurants in Hong Kong and pharmacy shops in Hong Kong.

The audited financial results of the Disposal Group for the two years ended 31 March 2024 which are prepared in accordance with the accounting principles generally accepted in Hong Kong and its contribution to the Group are as follows:

	For the year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Revenue	**24,663**	16,306
Loss from operations	**(10,066)**	(10,221)
The Group's share of loss for the year	**(2,311)**	(4,089)

The Disposal Group recorded unaudited net assets (excluding intercompany loans) of approximately HK$6.6 million as at 30 September 2024.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Group will no longer have any interest in the Disposal Company and the Disposal Company will cease to be accounted as a subsidiary of the Group. The Group will no longer be invested in the operation of restaurants in Hong Kong and pharmacy shops in Hong Kong.

The estimated loss on the Disposal attributable to the owner of the Company based on the Consideration less the unaudited net assets of the Disposal Group (excluding intercompany loans) to be transferred as at 30 September 2024 is approximately HK$1.1 million.

Shareholders should note that the actual amount of the loss on the Disposal to be recognised in the consolidated financial statements of the Company depends on the value of the Sale Share as at the date of the Share Transfer Agreement and therefore may be different from the amount as mentioned above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the sale of bridesmaid dresses, bridal gowns, special occasion dresses, accessories, fashion apparels and other garment accessories.

Considering the financial performance and after reviewing the business and operation status of the Disposal Group, the Board considers that it is appropriate for the Group to proceed with the Disposal. The Disposal will strengthen the cash flow of the Group allowing the Group to improve its liquidity and allow the Group to reallocate its resources to other existing opportunities.

The net proceeds from the Disposal will be used as the Group's general working capital.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is engaged in investment holding and the Group is principally engaged in the sale of bridesmaid dresses, bridal gowns, special occasion dresses, accessories, fashion apparels and other garment accessories.

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in import and export business. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

IMPLICATIONS OF THE LISTING RULES

As the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Board"	the board of Directors
"Business Day(s)"	a day (not being a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
"Company" or "Vendor"	KNT Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on Main Board of the Stock Exchange (stock code: 1025)
"Completion"	completion of the Disposal
"Completion Date"	upon signing the Share Transfer Agreement

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	HK$5,500,000 to be paid by the Purchaser to the Company in cash
"Director(s)"	the director(s) of the Company
"Disposal"	the sale of the Sale Shares by the Company to the Purchaser
"Disposal Company"	Mission Master Group Limited, a company incorporated in the British Virgin Islands with limited liability on 12 September 2024, and a direct wholly-owned subsidiary of the Company
"Disposal Group"	the Disposal Company and the subsidiaries including the associates of the Group
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, 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)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Purchaser"	Huhu Trade Co Limited, a company incorporated in Hong Kong with limited liability on 2 June 2022, which is 100% held by Ms. Chen Xiangli, an Independent Third Party

"Sale Share"	100% of the issued share capital of the Disposal Company
"Shareholders"	shareholder(s) of the Company
"Share Transfer Agreement"	the share transfer agreement dated 30 September 2024 entered into between the Company and the Purchaser in relation to the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

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

Hong Kong, 30 September 2024

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 Dr. Dong Bin; 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.