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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)

**TERMINATION OF PREVIOUS PLACING AGREEMENT
AND
ENTERING INTO OF PLACING AGREEMENT
IN RELATION TO
THE PROPOSED RIGHTS ISSUE
ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

Reference is made to the announcements of the Company dated 20 December 2021 (“**December Announcement**”) and 12 January 2022 (the “**January Announcement**”) in relation to, among others, the placing agreement (“**Previous Placing Agreement**”) dated 19 December 2021 entered into between the Company and Arta Global Markets Limited (“**Previous Placing Agent**”) regarding the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. Terms used herein shall have the same meaning as those defined in the December Announcement and January Announcement unless the context otherwise stated.

* *For identification purpose only*

TERMINATION OF PREVIOUS PLACING AGREEMENT

On 14 January 2022, a written termination notice was served by the Previous Placing Agent on the Company, and the Company and the Previous Placing Agent mutually agreed to terminate the Previous Placing Agreement based on commercial considerations, taking into account (among other things) current market conditions, pursuant to which the Previous Placing Agreement has been terminated and has ceased to have any force or effect with effect from 14 January 2022, whereas neither party shall have any claim against the others as a result of the termination of the Previous Placing Agreement. The Company and the Previous Placing Agent confirm that there is no matter relating to the termination of the Previous Placing Agreement that needs to be brought to the attention of the Shareholders or the Stock Exchange save as disclosed in this announcement.

ENTERING INTO OF PLACING AGREEMENT

As disclosed in the December Announcement, the Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Untaken Shares and the NQS Unsold Rights Shares by offering the Untaken Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. On 14 January 2022 (after trading hours), the Company entered into a new placing agreement (“**Placing Agreement**”) with Bloomyeats Limited (“**Placing Agent**”) on substantially the same terms as those of the Previous Placing Agreement save for the date of the Placing Agreement and the parties thereto and consequential amendments to reflect the revised timetable as disclosed in the January Announcement.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Untaken Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Prohibited Shareholders on a pro-rata basis. The Placing Agent will procure, on a best effort basis, by not later than 4:00 p.m. on Wednesday, 16 February 2022, placees to subscribe for all (or as many as possible) of those Untaken Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement (“**Placing**”). Any Untaken Shares and the NQS Unsold Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Prohibited Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Prohibited Shareholders with reference to their shareholdings in the Company as at the close of business on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Prohibited Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Prohibited Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

The material terms of the Placing Agreement are summarised as follows:

Date	:	14 January 2022 (after trading hours)
Issuer	:	The Company
Placing Agent	:	Bloomyears Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Untaken Shares and the NQS Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties, save that it is also engaged by the Company to provide matching services, on a best efforts basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 20 January 2022 to 4:00 p.m. on Tuesday, 8 March 2022 (both days inclusive).

- Placing Period : the period commencing from the third Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance
- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission equal to 2.50% (the “**Commission**”) of the placing price multiplied by the number of Untaken Shares and NQS Unsold Rights Shares successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
- Commitment Fee : The Placing Agent shall be entitled to a commitment fee (the “**Commitment Fee**”) equal to 0.10% of the maximum potential gross proceeds raised by the Rights Issue before expenses, and payable by the Company upon the signing of the Placing Agreement.
- The Commitment Fee shall offset against the Commission. For the avoidance of doubt, if the amount of Commission payable by the Company is less than the amount of Commitment Fee, no Commitment Fee shall be refunded to the Company.
- Placing price of the Untaken Shares and the NQS Unsold Rights Shares : The placing price of the Untaken Shares and the NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Untaken Shares and the NQS Unsold Rights Shares during the process of placement.

- Placees: : The Placing Agent shall procure that not less than six placees will take up the Untaken Shares and/or the NQS Unsold Rights Shares. The placees shall be professional, institutional and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates. The Placing Agent will ensure that none of the placees (whether individually or when aggregated with their respective associates) will become a substantial shareholder of the Company as a result of the Placing.
- Ranking of the placed
Untaken Shares
and NQS Unsold
Rights Shares : The placed Untaken Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of Completion.
- Conditions of the
Placing Agreement : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:
- (i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;
 - (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
 - (iii) Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and

- (iv) the gross proceeds raised by the Company from the Rights Issue (or, if the Rights Shares are not fully taken up under the Rights Issue, in aggregate with the Placing) being not less than 50.00% of the maximum gross proceeds raised (i.e. HK\$42.90 million).

Conditions to the Placing Agreement may not be waived by the Company or the Placing Agent in any event.

For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use its best endeavour to procure the fulfilment of the conditions to the Placing and undertakes to inform the Placing Agent promptly of any matter or circumstance which comes to the attention of it and indicating that any of such conditions being unable or fail to fulfil. If any of such conditions have not been fulfilled by the Placing Long Stop Date (as defined below) or become incapable of being fulfilled (unless extended by mutual consent of the Company and the Placing Agent), then all respective rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement and none of the parties thereto shall have any claim against any other in respect of the Placing.

Termination : If any of the following events occur at any time prior to 6:00 p.m. on the first Business Day after the last day of the Placing Period (the “**Placing Long Stop Date**”), the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the date of completion of the Placing provided that such notice is received by the Company prior to 6:00 p.m. on the Placing Long Stop Date, terminate the Placing Agreement without liability to the other parties and, subject to clauses in the Placing Agreement which survives termination, the Placing Agreement shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (c) any material breach of any of the representations and warranties by the Company 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 date of completion of the Placing 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 of the Placing Agreement; or
- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The Company and the Placing Agent will also ensure that, each of the placees (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon Completion. The Company will ensure that it will continue to comply with the public float requirements under Rule 8.08(1) of the Listing Rules after the Placing.

If the Rights Issue does not achieve the Minimum Proceeds Condition (i.e. HK\$42.90 million) on a standalone basis, the Placing will have to raise the minimum gross proceeds to make up the amount for satisfying the Minimum Proceeds Condition under the Rights Issue and the Placing in aggregate. Therefore, assuming nil acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue, the completion of the Placing is subject to, amongst other things, the successful placing of a minimum of 156,000,000 Untaken Shares and/or NQS Unsold Rights Shares raising gross proceeds of at least HK\$42.90 million in order for the Rights Issue and the Placing to become unconditional and thereby proceed to completion. The maximum number of Shares subject to the Placing is 312,000,000 Untaken Shares and/or NQS Unsold Rights Shares assuming nil acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue.

As the Rights Issue is a relatively costly process, the Directors consider the setting of the Minimum Proceeds Condition can minimise unnecessary costs by aborting the process in the event that the response for the Rights Issue is not favorable.

The engagement between the Company and the Placing Agent in respect of the Untaken Shares and the NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of the Placing Agreement in respect of the Untaken Shares and the NQS Unsold Rights Shares (including the commission payable) are fair and reasonable, on normal commercial terms and in the interest of the Shareholders and the Company as a whole.

As explained above, the Untaken Shares and the NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders and Prohibited Shareholders. If all or any of the Untaken Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Prohibited Shareholders. Any NQS Unsold Rights Shares and/or Untaken Shares that are not placed by the Placing Agent will not be issued by the Company. As at the date of this announcement, the Placing Agent has not identified any placee(s). In any case, any placees shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company.

IMPLICATIONS ON THE RIGHTS ISSUE

As the Company has entered into the Placing Agreement with the Placing Agent on substantially the same terms as those of and in replacement of the Previous Placing Agreement, the termination of the Previous Placing Agreement will not affect the Rights Issue. For the avoidance of doubt, the expected timetable in relation to the Rights Issue and change in board lot size of the Shares as set out in the January Announcement will remain unchanged.

INFORMATION OF THE PLACING AGENT

Bloomyears Limited is a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO. 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 (as defined under Chapter 1 of the Listing Rules) or its subsidiaries, or any of their respective associates.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND NIL-PAID RIGHTS SHARES

Shareholders should note that the expected timetable as disclosed in the announcement of the Company dated 12 January 2022 remains unchanged.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and the Minimum Proceeds Condition. Please refer to the section headed “Conditions of the Rights Issue” in the December Announcement. Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

The Shares have been dealt in on an ex-rights basis from Tuesday, 4 January 2022. Dealings in the Rights Shares in nil-paid form in the new board lots of 8,000 Rights Shares are expected to take place from Monday, 24 January 2022 to Friday, 4 February 2022 (both days inclusive). Shareholders and potential investors are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

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

Hong Kong, 14 January 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.