

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# KNT

**KNT HOLDINGS LIMITED**

**嘉藝控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1025)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The board of directors (the “Board”) of KNT Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023, together with the comparative figures for the six months ended 30 September 2022.

### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 September 2023*

	<i>Notes</i>	<b>Six months ended 30 September</b>	
		<b>2023</b>	<b>2022</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	4	<b>22,468</b>	37,294
Cost of sales		<b>(20,258)</b>	(33,782)
Gross profit		<b>2,210</b>	3,512
Other income		<b>242</b>	628
Other gains and losses		<b>575</b>	(62)
Selling and distribution expenses		<b>(2,720)</b>	(3,310)
Administrative expenses		<b>(10,905)</b>	(14,432)
Impairment loss on trade receivables under expected credit loss model, net		<b>9</b>	(11)
Impairment loss recognised in respect of property, plant and equipment		<b>–</b>	(1,287)
Impairment loss recognised in respect of right-of-use assets		<b>(1,281)</b>	(1,435)
Finance costs	5	<b>(465)</b>	(480)
Share of results of associates		<b>(2,311)</b>	(1,250)

\* *For identification purpose only*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Loss before taxation		<b>(14,646)</b>	(18,127)
Income tax expense	<i>6</i>	<u>(19)</u>	<u>(19)</u>
Loss for the period	<i>7</i>	<u><b>(14,665)</b></u>	<u>(18,146)</u>
		<b><i>HK cents</i></b>	<i>HK cents</i>
<b>Loss per share</b>	<i>9</i>		
Basic		<u><b>(1.7)</b></u>	<u>(2.2)</u>
Diluted		<u><b>(1.7)</b></u>	<u>(2.2)</u>

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

*For the six months ended 30 September 2023*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Loss for the period	<u>(14,665)</u>	<u>(18,146)</u>
Other comprehensive (expense) income for the period		
<i>Item that will not be reclassified to profit or loss:</i>		
Deferred taxation relating to revaluation of leasehold land and buildings	(20)	97
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operation	<u>(141)</u>	<u>(537)</u>
Other comprehensive expense for the period	<u>(161)</u>	<u>(440)</u>
Total comprehensive expense for the period	<u><u>(14,826)</u></u>	<u><u>(18,586)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at 30 September 2023	As at 31 March 2023
	<i>Notes</i>	<b>HK\$'000</b> (unaudited)	<b>HK\$'000</b> (audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>32,705</b>	33,445
Investment properties	<i>10</i>	<b>12,300</b>	12,300
Right-of-use assets		<b>219</b>	323
Intangible asset		<b>39</b>	52
Interests in associates		<b>–</b>	2,311
		<b>45,263</b>	48,431
<b>Current assets</b>			
Inventories		<b>7,938</b>	6,416
Trade receivables	<i>11</i>	<b>5,871</b>	9,823
Deposits, prepayments and other receivables		<b>34,883</b>	34,734
Amount due from an associate		<b>11,572</b>	11,547
Bank balances and cash		<b>4,598</b>	3,155
		<b>64,862</b>	65,675
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>3,116</b>	3,969
Other payables and accruals		<b>8,520</b>	6,844
Amounts due to directors		<b>16,065</b>	7,500
Contract liabilities		<b>2,570</b>	2,222
Lease liabilities		<b>1,435</b>	248
Bank loans	<i>13(a)</i>	<b>9,148</b>	9,260
Bank overdrafts	<i>13(b)</i>	<b>6,000</b>	5,962
		<b>46,854</b>	36,005

		<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Net current assets		<u>18,008</u>	<u>29,670</u>
Total assets less current liabilities		<u>63,271</u>	<u>78,101</u>
Non-current liabilities			
Lease liabilities		–	43
Deferred tax liabilities		<u>5,524</u>	<u>5,485</u>
		<u>5,524</u>	<u>5,528</u>
Net assets		<u><u>57,747</u></u>	<u><u>72,573</u></u>
Capital and reserves			
Share capital	<i>14</i>	<u>8,424</u>	8,424
Reserves		<u>49,323</u>	<u>64,149</u>
Total equity		<u><u>57,747</u></u>	<u><u>72,573</u></u>

# **NOTES TO THE CONDENSED 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 Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office and 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; and trading of accessories.

The condensed consolidated financial statements are presented in HK\$, which is the same as the functional currency of the Company.

## **2. BASIS OF PREPARATION**

The condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and certain financial instruments that are measured at revalued amounts or fair values at the end of the reporting period, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2023.

#### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 and the related Amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the above amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### 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:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Sales of garment products recognised at a point in time</b>		
Bridesmaid dresses	10,514	19,522
Bridal gowns	2,007	3,548
Special occasion dresses	2,018	5,729
Accessories	6,232	7,637
Others ( <i>Note</i> )	1,697	858
Total	<u>22,468</u>	<u>37,294</u>

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Geographical markets</b>		
United States of America	9,490	17,369
Hong Kong	9,372	9,335
Europe	1,015	5,801
United Kingdom	1,640	3,661
Australia	951	1,126
Others	–	2
Total	<u>22,468</u>	<u>37,294</u>

## **Sales of garment products**

The Group has considered the contractual terms with all customers, besides those related to the sale of accessories, and the laws that apply to the relevant contracts for sale of garment products with no alternative use. The terms of these sales contracts do not create an enforceable right to payment to the Group in respect of performance completed to date. Accordingly, revenue associated with sale of garment products with no alternative use is considered to be performance obligation satisfied at a point in time.

The accessories sold by the Group are considered as having alternative use and the revenue from the sale of accessories is considered to be performance obligation satisfied at a point in time.

Revenue from the sale of garment products is recognised at a point in time when the control of goods has transferred, being when the goods have been shipped to the customers' specific location. Transportation and other related activities that occur before customers obtains control of the related products are considered as fulfilment activities. The credit terms normally granted by the Group to customers upon delivery of goods range from 0-90 days.

## **Segment information**

The Group's operation is solely derived from manufacturing and trading of garment products; and trading of accessories during the period. For the purpose of resources allocation and performance assessment, 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 results 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 30 September 2023 and 31 March 2023 were located in Hong Kong and the non-current assets 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 period are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Customer A	<b>3,272</b>	7,908
Customer B	<b>6,232</b>	7,637
Customer C	<b>2,839</b>	N/A*
Customer D	<b>N/A*</b>	<b>3,736</b>

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

### **5. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest on bank loans and overdrafts	<b>416</b>	421
Interest on lease liabilities	<b>49</b>	59
	<b>465</b>	<b>480</b>

## 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Deferred tax expense	<u>19</u>	<u>19</u>
Income tax expense	<u><u>19</u></u>	<u><u>19</u></u>

## 7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	1,384	1,538
Depreciation of property, plant and equipment	747	810
Less: Amount capitalised in inventories	<u>(1,128)</u>	<u>(1,309)</u>
	1,003	1,039
Amortisation of intangible asset	13	13
Cost of inventories recognised as cost of sales (including reversal of write down of inventories of nil (2022: HK\$1,000))	20,258	33,782
Bank interest income	(2)	(2)
Net exchange gain	(502)	(423)
Loss on disposal of an investment property	<u><u>-</u></u>	<u><u>484</u></u>

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: nil).

## 9. LOSS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	<u><u>(14,665)</u></u>	<u><u>(18,146)</u></u>
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of		
basic and diluted loss per share	<u><u>842,433</u></u>	<u><u>842,433</u></u>

No diluted loss per share was presented as there were no potential ordinary shares in issue during the six months ended 30 September 2023 and 2022.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2023, the Group acquired certain property, plant and equipment with an aggregate carrying value of HK\$7,000 (six months ended 30 September 2022: HK\$1,778,000).

During the six months ended 30 September 2022, the Group disposed of an investment property with carrying value of HK\$9,000,000 (six months ended 30 September 2023: nil) for net cash proceeds of HK\$8,516,000 (six months ended 30 September 2023: nil), resulting in a loss on disposal of HK\$484,000 (six months ended 30 September 2023: nil).

## 11. TRADE RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Trade receivables from third parties	3,700	7,742
Trade receivables from a related company	<u>2,180</u>	<u>2,098</u>
	5,880	9,840
<i>Less: Loss allowance</i>	<u>(9)</u>	<u>(17)</u>
	<u><u>5,871</u></u>	<u><u>9,823</u></u>

As at 1 April 2022, trade receivables from contracts with customers amounted to HK\$7,659,000.

### Trade receivables from third parties

The credit terms normally granted by the Group to customers upon delivery of goods range from 0 to 90 days.

The Group applies simplified approach to provide for ECL of trade receivables prescribed by HKFRS 9. To measure the ECL, trade receivables have been assessed individually.

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:

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	<b>As at 31 March 2023 HK\$'000 (audited)</b>
Within 30 days	<b>2,329</b>	5,039
31 – 60 days	<b>484</b>	2,548
61 – 90 days	<b>33</b>	67
91 – 180 days	<b>–</b>	10
181 – 365 days	<b>831</b>	49
Over 365 days	<b>14</b>	12
	<b><u>3,691</u></b>	<b><u>7,725</u></b>

As at 30 September 2023, out of the past due balances, HK\$845,000 (31 March 2023: HK\$61,000) has been past due over 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered recoverable due to the management's historical experience on the settlement pattern or record from these debtors.

#### **Trade receivables from a related company**

The trade receivables from a related company represents the amount due from Veromia Limited, which is a private limited liability company incorporated in the United Kingdom and Mr. S Chong is the director and sole controlling shareholder.

The balance is trade in nature and no interest is charged on the amount due from Veromia Limited. Credit term of 90 days are granted by the Group to Veromia Limited upon delivery of goods.

The following is an ageing analysis presented based on the invoice dates, which are approximate to the dates of delivery of goods on which revenue was recognised, at the end of the reporting period:

	As at <b>30 September</b> <b>2023</b> <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Within 30 days	1,031	427
31 – 60 days	79	8
61 – 90 days	557	223
91 – 180 days	342	1,440
181 – 365 days	171	–
Over 365 days	–	–
	<u>2,180</u>	<u>2,098</u>

The Group assessed loss allowance on trade receivables from a related company on lifetime ECL basis.

As at 30 September 2023, out of the past due balances, HK\$171,000 (31 March 2023: nil) has been past due over 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered recoverable due to the guarantee provided by Mr. S. Chong.

## 12. 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:

	As at <b>30 September</b> <b>2023</b> <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Within 30 days	1,974	2,558
31 – 60 days	628	1,033
61 – 90 days	182	214
91 – 180 days	326	159
181 – 365 days	1	–
Over 365 days	5	5
	<u>3,116</u>	<u>3,969</u>

### 13. BANK LOANS AND OVERDRAFTS

#### (a) Bank loans

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Unsecured and guaranteed:		
Bank loans	4,601	5,025
Secured and guaranteed:		
Bank loans	4,547	4,235
	<hr/>	<hr/>
Total	<b>9,148</b>	<b>9,260</b>
	<hr/> <hr/>	<hr/> <hr/>
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	3,301	2,560
More than one year but not more than two years	1,759	1,734
More than two years but not more than five years	3,940	4,543
More than five years	148	423
	<hr/>	<hr/>
Amounts shown under current liabilities	<b>9,148</b>	<b>9,260</b>
	<hr/> <hr/>	<hr/> <hr/>

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 3.00% - 8.47% (31 March 2023: 2.875% - 8.530%).

**(b) Bank overdrafts**

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	<b>As at 31 March 2023 HK\$'000 (audited)</b>
Secured and guaranteed:		
Bank overdrafts	<b><u>6,000</u></b>	<b><u>5,962</u></b>

The variable-rate bank overdrafts bear interest at 3.25% per annum plus 1-month HIBOR. The effective interest rate (which is also equal to contracted interest rate) on the Group's variable-rate bank overdrafts was 6.38% (31 March 2023: 6.38%).

The Group entered into several banking facilities with banks in Hong Kong. The banking facilities are secured by assets held by the Group and/or guaranteed by Mr. S Chong and Mr. P Chong, details of which is set out as follows:

- (a) Corporate guarantee from the Company; and
- (b) Leasehold land and buildings of the Group.

#### 14. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 April 2022, 30 September 2022, 31 March 2023 and 30 September 2023	<u>10,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 1 April 2022 and 30 September 2022, 31 March 2023 and 30 September 2023	<u>842,432,607</u>	<u>8,424</u>

#### 15. RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties:

Name of related party	Nature of transaction	Six months ended 30 September	
		2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Veromia Limited	Sales of garment products	1,450	4,221
	Purchases of samples/fabrics	77	388
Vantage Zone Investments Limited	Interest income from loan advances to an associate	25	–
Mr. S Chong and Mr. P Chong	Interest expense on lease liabilities ( <i>Note</i> )	<u>43</u>	<u>48</u>

*Note:* Certain lease contracts were entered into with Mr. S Chong and Mr. P Chong for the use of factory premises and staff dormitories during both periods.

## 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 who had maintained long years of relationship with the Group. In addition to manufacturing apparels 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 engaged in online business for the sale of fashion apparels; and the business of selling accessories.

The Group recorded revenue of approximately HK\$22.5 million for the six months ended 30 September 2023, representing a decrease of approximately 39.7% as compared to that of approximately HK\$37.3 million for the six months ended 30 September 2022. Revenue from the United States accounted for approximately 46.6% and 42.2% of the total revenue of the Group for the six months ended 30 September 2022 and 2023 respectively. The gross profit margin increased from 9.4% for the six months ended 30 September 2022 to 9.8% for the six months ended 30 September 2023. Loss for the period amounted to approximately HK\$14.7 million for the six months ended 30 September 2023, representing a decrease in loss of approximately 18.8% as compared to loss of approximately HK\$18.1 million for the six months ended 30 September 2022.

During the six months ended 30 September 2023, 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, the outbreak of the novel coronavirus disease (COVID-19) in past three years has brought significant disruption to the global economy and caused adverse impact to the business environment of the Group.

## **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 will 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 period 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 decreased by approximately HK\$14.8 million or approximately 39.7% from approximately HK\$37.3 million for the six months ended 30 September 2022 to approximately HK\$22.5 million for the six months ended 30 September 2023. The overall decrease in revenue was primarily attributable to the decrease in revenue generated from the sale of bridesmaid dresses of approximately HK\$9.0 million and the decrease in revenue generated from the sale of special occasion dresses of approximately HK\$3.7 million.

The decrease in revenue generated from the sale of bridesmaid dresses from approximately HK\$19.5 million for the six months ended 30 September 2022 to approximately HK\$10.5 million for the six months ended 30 September 2023 was primarily as a result of the decrease in sales quantity from 62.2 thousand units for the six months ended 30 September 2022 to 33.4 thousand units for the six months ended 30 September 2023.

The decrease in revenue generated from the sale of special occasion dresses from approximately HK\$5.8 million for the six months ended 30 September 2022 to approximately HK\$2.0 million for the six months ended 30 September 2023 was primarily as a result of the decrease in sales quantity from 10.1 thousand units for the six months ended 30 September 2022 to 3.7 thousand units for the six months ended 30 September 2023.

The decrease in sales quantity of bridesmaid dresses and special occasion dresses was attributable to fewer orders from customers which facing keen competition.

### **Cost of sales**

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

Cost of sales decreased by approximately HK\$13.5 million or approximately 39.9% from approximately HK\$33.8 million for the six months ended 30 September 2022 to approximately HK\$20.3 million for the six months ended 30 September 2023. The decrease was in line with the decrease in revenue.

### **Gross profit and gross profit margin**

Gross profit decreased by approximately HK\$1.3 million or approximately 37.1% from approximately HK\$3.5 million for the six months ended 30 September 2022 to approximately HK\$2.2 million for the six months ended 30 September 2023. Gross profit margin increased from 9.4% for the six months ended 30 September 2022 to 9.8% for the six months ended 30 September 2023. The decrease in gross profit and increase in gross profit margin was mainly attributable to the decrease in revenue and the decrease in labour costs, respectively during the six months ended 30 September 2023 as compared to that of last period.

### **Other income**

Other income decreased by approximately HK\$0.4 million or approximately 66.7% from approximately HK\$0.6 million for the six months ended 30 September 2022 to approximately HK\$0.2 million for the six months ended 30 September 2023. The decrease was mainly attributable to the decrease in rental income and the decrease in government grants received during the six months ended 30 September 2023.

### **Other gains and losses**

Other gains and losses mainly represented exchange gains for the six months ended 30 September 2023.

### **Selling and distribution expenses**

Selling and distribution expenses decreased by approximately HK\$0.6 million or approximately 18.2% from approximately HK\$3.3 million for the six months ended 30 September 2022 to approximately HK\$2.7 million for the six months ended 30 September 2023. The decrease was mainly attributable to the effect of the decrease in staff costs and transportation costs net of the increase in advertising and promotion expenses.

### **Administrative expenses**

Administrative expenses decreased by approximately HK\$3.5 million or approximately 24.3% from approximately HK\$14.4 million for the six months ended 30 September 2022 to approximately HK\$10.9 million for the six months ended 30 September 2023. The decrease was mainly attributable to the decrease in staff costs compared to the corresponding period in last year due to cost control measures implemented during the six months ended 30 September 2023.

**Finance costs**

Finance costs decreased by approximately HK\$0.02 million or approximately 4.2% from approximately HK\$0.48 million for the six months ended 30 September 2022 to approximately HK\$0.46 million for the six months ended 30 September 2023. The decrease was mainly attributable to the decrease in the average bank borrowings during the six months ended 30 September 2023.

**Income tax expense**

Income tax expense for the six months ended 30 September 2023 mainly represented the temporary differences arising from depreciation.

**Loss for the period**

The Group recorded a loss of approximately HK\$14.7 million for the six months ended 30 September 2023 and a loss of approximately HK\$18.1 million for the six months ended 30 September 2022. The decrease in loss was mainly attributable to net effect of (i) the decrease in administrative expenses and selling and distribution expenses; (ii) the decrease in impairment loss recognised in respect of property, plant and equipment; (iii) the decrease in gross profit; and (iv) the increase in share of losses of associates.

**Interim dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

**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 30 September 2023, the Group had bank balances and cash of approximately HK\$4.6 million (31 March 2023: HK\$3.2 million) net of bank overdrafts of approximately HK\$6.0 million (31 March 2023: HK\$6.0 million) and had net current assets of approximately HK\$18.0 million (31 March 2023: HK\$29.7 million).

The current ratio of the Group was approximately 1.4 times as at 30 September 2023, as compared to that of approximately 1.8 times as at 31 March 2023. The current ratio decreased was mainly attributable to the increase in other payables and accruals and amounts due to directors.

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 26.2% as at 30 September 2023 (31 March 2023: 21.0%). The gearing ratio increased was mainly attributable to the increase in loss for the period which led to a decrease in total equity compared to that of 31 March 2023.

## **Pledge of assets**

As at 30 September 2023, the Group pledged leasehold land and buildings with carrying value of approximately HK\$30.4 million (31 March 2023: HK\$31.1 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 six months ended 30 September 2023, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

### **Significant investments held**

As at 30 September 2023, the Group had no significant investments held (31 March 2023: nil).

### **Future plans for material investments and capital assets**

Save as disclosed in the prospectus of the Company dated 15 February 2019 (the “Prospectus”) and in this announcement, the Group currently did not have other plans for material investments and capital assets.

### **Events after the reporting period**

No significant events affecting the Group occurred since 1 October 2023 and up to the date of this announcement.

### **Employees and remuneration policy**

As at 30 September 2023, the Group had 233 employees (31 March 2023: 246 employees). The total staff costs, including directors’ emoluments, of the Group for the six months ended 30 September 2023 were approximately HK\$12.8 million (six months ended 30 September 2022: approximately HK\$18.5 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 30 September 2023, the Group did not have any material capital commitment (31 March 2023: nil).

### **Contingent liabilities**

As at 30 September 2023, the Group did not have any material contingent liabilities (31 March 2023: nil).

## **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 six months ended 30 September 2023.

## **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 (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as the basis of the Company’s corporate governance practices.

The Board is of the view that throughout the six months ended 30 September 2023, the Company has complied with the code provisions as set out in the CG Code, except for code provision C.2.1 (the details of which are set forth below).

Code provision C.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 during the six months ended 30 September 2023.

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 unaudited condensed consolidated financial results of the Group and the announcement for the six months ended 30 September 2023, including the accounting principles and practices adopted by the Group.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information publicly available to the Company and within the best knowledge of the directors, during the six months ended 30 September 2023 and up to the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules.

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

This interim 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 interim report of the Company for the six months ended 30 September 2023 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 November 2023

*As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Chong Sik, Mr. Chong Pun, Mr. Lam Chi Yuen, Dr. Dong Bin and Dr. Wong Ho Yin; 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.*