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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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 2024, together with the comparative figures for the six months ended 30 September 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	40,206	22,468
Cost of sales		(34,898)	(20,258)
Gross profit		5,308	2,210
Other income		289	242
Other gains and losses, net		(1,026)	575
Selling and distribution expenses		(3,046)	(2,720)
Administrative expenses		(9,601)	(10,905)
Impairment loss (recognised) reversed in respect of trade receivables, net		(6)	9
Impairment loss recognised in respect of right-of-use assets		(1,264)	(1,281)
Finance costs	5	(847)	(465)
Share of results of associates		–	(2,311)

* For identification purpose only

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Loss before taxation		(10,193)	(14,646)
Income tax expense	6	<u>(1)</u>	<u>(19)</u>
Loss for the period	7	<u>(10,194)</u>	<u>(14,665)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	9		
Basic		<u>(1.2)</u>	<u>(1.7)</u>
Diluted		<u>(1.2)</u>	<u>(1.7)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period	<u>(10,194)</u>	<u>(14,665)</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	90	(20)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(128)</u>	<u>(141)</u>
Other comprehensive expense for the period, net of tax	<u>(38)</u>	<u>(161)</u>
Total comprehensive expense for the period	<u>(10,232)</u>	<u>(14,826)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		As at 30 September 2024	As at 31 March 2024
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	28,980	29,604
Investment properties	<i>10</i>	11,200	11,200
Right-of-use assets		12	115
Intangible asset		13	26
Interests in associates		—	—
		40,205	40,945
Current assets			
Inventories		6,241	9,340
Trade receivables	<i>11</i>	9,446	7,121
Deposits, prepayments and other receivables		41,259	36,699
Amount due from an associate		—	11,597
Bank balances and cash		1,652	4,432
		58,598	69,189
Current liabilities			
Trade payables	<i>12</i>	6,948	3,817
Other payables and accruals		12,185	10,534
Amounts due to directors		14,117	17,077
Contract liabilities		2,689	4,712
Lease liabilities		1,310	43
Borrowings	<i>13(a)</i>	14,361	16,599
Bank overdrafts	<i>13(b)</i>	5,782	5,876
		57,392	58,658

		As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Net current assets		<u>1,206</u>	<u>10,531</u>
Total assets less current liabilities		<u>41,411</u>	<u>51,476</u>
Non-current liabilities			
Deferred tax liabilities		<u>4,856</u>	<u>4,945</u>
		<u>4,856</u>	<u>4,945</u>
Net assets		<u><u>36,555</u></u>	<u><u>46,531</u></u>
Capital and reserves			
Share capital	<i>14</i>	<u>8,424</u>	8,424
Reserves		<u>28,131</u>	<u>38,107</u>
Total equity		<u><u>36,555</u></u>	<u><u>46,531</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 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 2024 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2024.

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 mandatory effective for the annual periods beginning on or after 1 April 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

An analysis of revenue from operations is as follows:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales of garment products recognised at a point in time		
Bridesmaid dresses	25,758	10,514
Bridal gowns	1,743	2,007
Special occasion dresses	4,970	2,018
Accessories	5,406	6,232
Others (<i>note</i>)	2,329	1,697
	<hr/>	<hr/>
Total	40,206	22,468
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Geographical markets		
United States of America	26,466	9,490
Hong Kong	9,907	9,372
Europe	1,649	1,015
United Kingdom	1,394	1,640
Australia	790	951
	<hr/>	<hr/>
Total	40,206	22,468
	<hr/> <hr/>	<hr/> <hr/>

Sales of garment products

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 2024 and 31 March 2024 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:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A	18,343	N/A*
Customer B	5,406	6,232
Customer C	4,994	2,839
Customer D	N/A*	3,272

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

5. FINANCE COSTS

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on bank loans and overdrafts	804	416
Interest on lease liabilities	43	49
	847	465

6. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Deferred tax expense	1	19
Income tax expense	1	19

7. LOSS FOR THE PERIOD

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	1,368	1,384
Depreciation of property, plant and equipment	659	747
Less: Amount capitalised in inventories	(1,114)	(1,128)
	913	1,003
Amortisation of intangible asset	13	13
Cost of inventories recognised as cost of sales (including reversal of write down of inventories of nil (2023: nil))	34,898	20,258
Bank interest income	(3)	(2)
Net exchange gain	(60)	(502)

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: 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:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	<u><u>(10,194)</u></u>	<u><u>(14,665)</u></u>
	Six months ended	
	30 September	
	2024	2023
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
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 2024 and 2023.

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

During the six months ended 30 September 2024, the Group acquired certain property, plant and equipment with an aggregate carrying value of HK\$34,000 (six months ended 30 September 2023: HK\$7,000).

11. TRADE RECEIVABLES

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Trade receivables from third parties	7,031	4,618
Trade receivables from a related company	<u>2,431</u>	<u>2,514</u>
	9,462	7,132
<i>Less: Loss allowance</i>	<u>(16)</u>	<u>(11)</u>
	<u><u>9,446</u></u>	<u><u>7,121</u></u>

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:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Within 30 days	3,116	3,028
31 – 60 days	2,714	607
61 – 90 days	418	972
91 – 180 days	29	–
181 – 365 days	738	–
Over 365 days	–	–
	<u>7,015</u>	<u>4,607</u>

As at 30 September 2024, out of the past due balances, HK\$738,000 (31 March 2024: nil) were past due over 90 days or more and were 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 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Within 30 days	993	384
31 – 60 days	4	17
61 – 90 days	282	1,734
91 – 180 days	590	379
181 – 365 days	562	–
Over 365 days	–	–
	<u>2,431</u>	<u>2,514</u>

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

As at 30 September 2024, out of the past due balances, HK\$562,000 (31 March 2024: nil) were 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 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Within 30 days	1,709	2,395
31 – 60 days	3,042	769
61 – 90 days	847	484
91 – 180 days	1,340	161
181 – 365 days	2	3
Over 365 days	8	5
	<u>6,948</u>	<u>3,817</u>

13. BORROWINGS AND BANK OVERDRAFTS

(a) Borrowings

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Unsecured and guaranteed:		
Bank loans	3,732	4,170
Secured and guaranteed:		
Bank loans	5,129	6,929
Other loan	5,500	5,500
	<u>14,361</u>	<u>16,599</u>
Total	<u><u>14,361</u></u>	<u><u>16,599</u></u>
Carrying amounts of borrowings 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	5,278	11,625
More than one year but not more than two years	6,819	1,788
More than two years but not more than five years	2,264	3,146
More than five years	–	40
	<u>14,361</u>	<u>16,599</u>
Amounts shown under current liabilities	<u><u>14,361</u></u>	<u><u>16,599</u></u>

The bank loans carry variable interest ranging from 2.75% – 8.22% (31 March 2024: 3.00% – 8.30%). As at 30 September 2024, the Group's other loan from a third party carries interest at 12.25% (31 March 2024: 12.25%) per annum.

(b) **Bank overdrafts**

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Secured and guaranteed:		
Bank overdrafts	<u><u>5,782</u></u>	<u><u>5,876</u></u>

The variable-rate bank overdrafts bear interest at 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 5.75% (31 March 2024: 6.00%).

As at 30 September 2024 and 31 March 2024, 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 are set out as follows:

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

As at 30 September 2024 and 31 March 2024, the Group entered into other loan agreement with a third party in Hong Kong. The other loan is secured by assets held by the Group and guaranteed by Mr. S Chong and Mr. P Chong, details of which are set out as follows:

- (i) Investment properties 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 2023, 30 September 2023, 31 March 2024 and 30 September 2024	<u>10,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 1 April 2023, 30 September 2023, 31 March 2024 and 30 September 2024	<u>842,432,607</u>	<u>8,424</u>

There was no movement of the Company's share capital during the six months ended 30 September 2024 and 2023.

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	
		2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Veromia Limited	Sales of garment products	1,199	1,450
	Purchases of samples/fabrics	–	77
Vantage Zone Investments Limited	Interest income from loan advances to an associate	25	25
Mr. S Chong and Mr. P Chong	Interest expense on lease liabilities (<i>Note</i>)	<u>43</u>	<u>43</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\$40.2 million for the six months ended 30 September 2024, representing an increase of approximately 78.7% as compared to that of approximately HK\$22.5 million for the six months ended 30 September 2023. Revenue from the United States accounted for approximately 42.2% and 65.9% of the total revenue of the Group for the six months ended 30 September 2023 and 2024 respectively. The gross profit margin increased from 9.8% for the six months ended 30 September 2023 to 13.2% for the six months ended 30 September 2024. Loss for the period amounted to approximately HK\$10.2 million for the six months ended 30 September 2024, representing a decrease in loss of approximately 30.6% as compared to loss of approximately HK\$14.7 million for the six months ended 30 September 2023.

During the six months ended 30 September 2024, 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.

However, in view of the Group’s limited financial resources, the Directors will closely monitor the situation and explore all possible measures to strengthen the financial position of the Group to conquer uncertainties and capture any potential growth.

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\$17.7 million or approximately 78.7% from approximately HK\$22.5 million for the six months ended 30 September 2023 to approximately HK\$40.2 million for the six months ended 30 September 2024. The overall increase in revenue was primarily attributable to the increase in revenue generated from the sale of bridesmaid dresses of approximately HK\$15.3 million and the increase in revenue generated from the sale of special occasion dresses of approximately HK\$3.0 million.

The increase in revenue generated from the sale of bridesmaid dresses from approximately HK\$10.5 million for the six months ended 30 September 2023 to approximately HK\$25.8 million for the six months ended 30 September 2024 was primarily as a result of the increase in sales quantity from 33.4 thousand units for the six months ended 30 September 2023 to 121.9 thousand units for the six months ended 30 September 2024.

The increase in revenue generated from the sale of special occasion dresses from approximately HK\$2.0 million for the six months ended 30 September 2023 to approximately HK\$5.0 million for the six months ended 30 September 2024 was primarily as a result of the increase in sales quantity from 3.7 thousand units for the six months ended 30 September 2023 to 10.6 thousand units for the six months ended 30 September 2024.

The increase in sales quantity of bridesmaid dresses was attributable to orders from a new customer during the six months ended 30 September 2024.

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\$14.6 million or approximately 71.9% from approximately HK\$20.3 million for the six months ended 30 September 2023 to approximately HK\$34.9 million for the six months ended 30 September 2024. The increase was in line with the increase in revenue.

Gross profit and gross profit margin

Gross profit increased by approximately HK\$3.1 million or approximately 140.9% from approximately HK\$2.2 million for the six months ended 30 September 2023 to approximately HK\$5.3 million for the six months ended 30 September 2024. Gross profit margin increased from 9.8% for the six months ended 30 September 2023 to 13.2% for the six months ended 30 September 2024. The increase in gross profit and the increase in gross profit margin was mainly attributable to the increase in revenue and during the six months ended 30 September 2024 as compared to that of last period.

Other income

Other income increased by approximately HK\$0.05 million or approximately 20.8% from approximately HK\$0.24 million for the six months ended 30 September 2023 to approximately HK\$0.29 million for the six months ended 30 September 2024. The increase was mainly attributable to the increase in rental income during the six months ended 30 September 2024.

Other gains and losses, net

Other gains and losses, net mainly represented loss on disposal of a subsidiary, net of exchange gains for the six months ended 30 September 2024.

Selling and distribution expenses

Selling and distribution expenses increased by approximately HK\$0.3 million or approximately 11.1% from approximately HK\$2.7 million for the six months ended 30 September 2023 to approximately HK\$3.0 million for the six months ended 30 September 2024. The increase was mainly attributable to the increase in transportation costs and the increase in advertising and promotion expenses.

Administrative expenses

Administrative expenses decreased by approximately HK\$1.3 million or approximately 11.9% from approximately HK\$10.9 million for the six months ended 30 September 2023 to approximately HK\$9.6 million for the six months ended 30 September 2024. The decrease was mainly attributable to the decrease in rental expenses and 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 2024.

Finance costs

Finance costs increased by approximately HK\$0.39 million or approximately 84.8% from approximately HK\$0.46 million for the six months ended 30 September 2023 to approximately HK\$0.85 million for the six months ended 30 September 2024. The increase was mainly attributable to the increase in the average borrowings during the six months ended 30 September 2024.

Income tax expense

Income tax expense for the six months ended 30 September 2024 mainly represented the temporary differences arising from depreciation.

Loss for the period

The Group recorded a loss of approximately HK\$10.2 million for the six months ended 30 September 2024 and a loss of approximately HK\$14.7 million for the six months ended 30 September 2023. The decrease in loss was mainly attributable to (i) the increase in gross profit; (ii) the decrease in administrative expenses; and (iii) the decrease in share of losses of associates.

Interim dividend

The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

Capital structure

The capital structure of the Company comprises of issued share capital and reserves. As at 30 September 2024, 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.

On 15 October 2024, a total of 168,486,000 new shares of the Company at nominal value of HK\$0.01 each were successfully placed by the placing agent to six independent places at the placing price of HK\$0.0315 per placing share pursuant to the terms and conditions of the placing agreement. Details of which were disclosed in the announcements of the Company dated 23 September 2024 and 15 October 2024.

Upon the completion of the placing, the total number of issued shares of the Company increased from 842,432,607 shares of HK\$0.01 each to 1,010,918,607 shares of HK\$0.01 each.

Pursuant to the extraordinary general meeting held by the Company on 29 October 2024, an ordinary resolution was passed to approve the share consolidation on the basis that every twenty (20) issued and unissued ordinary shares with par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) ordinary share with a par value of HK\$0.20 each. The share consolidation became effective on 31 October 2024. Details of which were disclosed in the announcement of the Company dated 27 September 2024, the circular dated 8 October 2024 and the poll results announcement of the extraordinary general meeting dated 29 October 2024.

Since 31 October 2024, the issued share capital of the Company was HK\$10.1 million and the number of issued ordinary shares was 50,545,930 shares of HK\$0.20 each.

Liquidity and financial resources

The Group generally finances its operation by internal cash generated from operations and bank borrowings. As at 30 September 2024, the Group had bank balances and cash of approximately HK\$1.7 million (31 March 2024: approximately HK\$4.4 million) and bank overdrafts of approximately HK\$5.8 million (31 March 2024: approximately HK\$5.9 million) and had net current assets of approximately HK\$1.2 million (31 March 2024: HK\$10.5 million).

The current ratio of the Group was approximately 1.0 times as at 30 September 2024, as compared to that of approximately 1.2 times as at 31 March 2024. The current ratio decreased was mainly attributable to the decrease in amount due from an associate.

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 55.1% as at 30 September 2024 (31 March 2024: 48.3%). 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 2024.

Pledge of assets

As at 30 September 2024, the Group pledged leasehold land and buildings with carrying value of approximately HK\$27.2 million (31 March 2024: HK\$27.8 million) and investment properties with carrying value of HK\$11.2 million (31 March 2024: HK\$11.2 million) to secure certain banking facilities and other loan granted to the Group, respectively.

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 2024, the Group disposed of a direct wholly-owned subsidiary including the associates of the Group at a consideration of HK\$5,500,000 having considered their financial performance; and the business and operation status. Details of which were disclosed in the announcement of the Company dated 30 September 2024.

Save as disclosed above, the Group did not have any other material acquisitions and disposals of subsidiaries and associated companies.

Significant investments held

As at 30 September 2024, the Group had no significant investments held (31 March 2024: 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

Placing of new shares under general mandate

On 23 September 2024, the Company and Tiger Faith Securities Limited, the placing agent (the “Placing Agent”) entered into a placing agreement (the “Placing Agreement”), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 168,486,000 placing shares (the “Placing Shares”) at the placing price of HK\$0.0315 (the “Placing Price”) per Placing Share to not less than six placees who and whose ultimate beneficial owners are independent third parties of and not connected with the Directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates (the “Placing”). The Placing Shares were allotted and issued pursuant to the general mandate obtained at the annual general meeting of the Company held on 26 August 2024.

On 15 October 2024, a total of 168,486,000 new shares of the Company at nominal value of HK\$0.01 each were successfully placed by the Placing Agent to six independent placees at the Placing Price of HK\$0.0315 per Placing Share pursuant to the terms and conditions of the Placing Agreement. Upon the completion of the Placing, the total number of issued shares of the Company increased from 842,432,607 shares to 1,010,918,607 shares. The net proceeds from the Placing, after deducting commission payable to the Placing Agent and other expenses incidental to the Placing, were approximately HK\$4,900,000 which were intended to be used as general working capital of the Group and the repayment of existing loans.

Details of which were disclosed in the announcements of the Company dated 23 September 2024 and 15 October 2024.

Share consolidation

On 27 September 2024, the Board proposed to implement the share consolidation on the basis that every twenty (20) issued and unissued Shares with par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share with par value of HK\$0.20 each (the “Share Consolidation”).

Pursuant to an extraordinary general meeting on 29 October 2024, the proposed Share Consolidation had been duly passed by the shareholders of the Company by way of poll. The proposed Share Consolidation had become effective on 31 October 2024.

Details of which were disclosed in the announcements of the Company dated 27 September 2024, the circular dated 8 October 2024 and the poll results announcement of the extraordinary general meeting dated 29 October 2024.

Save as disclosed above, there was no other significant events affecting the Group occurred since 1 October 2024 and up to the date of this announcement.

Employees and remuneration policy

As at 30 September 2024, the Group had 216 employees (31 March 2024: 227 employees). The total staff costs, including directors' emoluments, of the Group for the six months ended 30 September 2024 were approximately HK\$13.6 million (six months ended 30 September 2023: approximately HK\$12.8 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 2024, the Group did not have any material capital commitment (31 March 2024: nil).

Contingent liabilities

As at 30 September 2024, the Group did not have any material contingent liabilities (31 March 2024: 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 (including sale of treasury shares) of the Company during the six months ended 30 September 2024.

As at 30 September 2024, there were no treasury shares held by the Company.

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 C1 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 2024, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1.

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 C3 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 2024.

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 C1 to the Listing Rules.

The Audit Committee comprises three members, namely Mr. Leung Martin Oh Man, Mr. Lau Koong Yep and Mr. Yuen King Sum, 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 2024, 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 2024 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 2024 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 (if requested) in due course.

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

Hong Kong, 26 November 2024

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Chong Sik, Mr. Chong Pun, Mr. Lam Chi Yuen, Mr. Tsui Wing Tak and Dr. Dong Bin; and three independent non-executive directors, namely, Mr. Leung Martin Oh Man, Mr. Lau Koong Yep and Mr. Yuen King Sum.