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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of KNT Holdings Limited (the “**Company**”) dated 1 April 2021 (the “**CCT Announcement**”) in relation to the continuing connected transaction for the renewal of sales framework agreement for the sales with Veromia. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the CCT Announcement.

This announcement is to provide supplemental information on the pricing policy under the 2021 Sales Framework Agreement.

PRICE FIXING PRINCIPLE

As disclosed in the CCT Announcement, the price charged by KNT shall be fair and reasonable and shall be based on normal commercial terms and on an arm’s length basis, having regards to the quality, quantity and delivery timeline of the bridal gowns, bridesmaid dresses and special occasion dresses supplied. Under no circumstances shall Veromia expect or receive from KNT conditions that are more favourable than those available to independent third parties for the sale of same/similar bridal gowns, bridesmaid dresses and special occasion dresses.

* For identification purpose only

The Group generally adopts a cost-plus pricing model which takes into account a range of factors when determining the price of the products. The actual price charged of each transaction will be subject to various factors including the quantity of the order, design specifications, technical requirements, production costs, the production lead time required by Veromia, prices of raw materials and a profit margin determined by the Group.

The sales department will make reference to the selling price or quotation of similar bridal gowns, bridesmaid dresses and special occasion dresses made to independent third parties, to the extent possible, for the purpose of determining the price range of the bridal gowns, bridesmaid dresses and special occasion dresses to be sold to Veromia by the Group. The chief operating officer will review the sales, price list and profit margin for products to be sold to Veromia on quarterly basis as well as when there are new bridal gowns, bridesmaid dresses and special occasion dresses launched for Veromia. If there is no similar product available, the price range for products to be sold to Veromia will be based on a gross profit margin of not more than 25%, after taking into account of the gross profit margin of the Group's overall sales to independent third parties.

As retrieved from the management accounts of the Group, the transaction amount between the Group and Veromia for the year ended 31 March 2021 was approximately HK\$2.7 million, which was lowered than the annual cap of HK\$6.0 million.

The additional information disclosed herein does not affect any other information contained in the CCT Announcement.

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

Hong Kong, 20 April 2021

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chong Sik, Mr. Chong Pun and Mr. Lam Chi Yuen; and four independent non-executive Directors, namely, Mr. Leung Martin Oh Man, Mr. Lau Koong Yep, Mr. Yuen King Sum and Mr. Lau Kwok Fan.