

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.

KNK Holdings Limited

中國卓銀國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Board” or “Directors”) of KNK Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The Board announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2020 (“Period”) together with the comparative unaudited figures for the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Note	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	5	9,934	7,689	17,994	14,824
Cost of services rendered		<u>(9,738)</u>	<u>(6,707)</u>	<u>(17,390)</u>	<u>(11,138)</u>
Gross profit		196	982	604	3,686
Other income		74	73	763	147
General and administrative expenses		<u>(4,226)</u>	<u>(3,042)</u>	<u>(7,081)</u>	<u>(5,566)</u>
Loss before taxation		(3,956)	(1,987)	(5,714)	(1,733)
Income tax recoverable (expense)	6	<u>–</u>	<u>23</u>	<u>–</u>	<u>(106)</u>
Loss for the period and total comprehensive loss for the period attributable to owners of the Company		<u>(3,956)</u>	<u>(1,964)</u>	<u>(5,714)</u>	<u>(1,839)</u>
Loss per share					
Basic (HK cents)	8	<u>(0.95) cents</u>	<u>(0.47) cents</u>	<u>(1.37) cents</u>	<u>(0.44) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2020*

		30 September 2020	31 March 2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	383	568
Right-of-use assets	9	124	514
Interests in associates	10	7,847	7,847
		<u>8,354</u>	<u>8,929</u>
CURRENT ASSETS			
Trade and other receivables	11	13,053	9,945
Tax recoverable		–	1,988
Bank balances and cash		1,717	11,149
		<u>14,770</u>	<u>23,082</u>
CURRENT LIABILITIES			
Trade and other payables	12	5,006	3,775
Other borrowings	13	5,500	5,500
Term loan	14	6,271	5,350
Bond payable	15	–	5,000
Lease liabilities		735	715
Tax payable		140	77
		<u>17,652</u>	<u>20,417</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(2,882)</u>	<u>2,665</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,472	11,594
NON-CURRENT LIABILITIES			
Lease liabilities		<u>208</u>	<u>616</u>
NET ASSETS		<u><u>5,264</u></u>	<u><u>10,978</u></u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	15	4,180	4,180
Reserves		1,084	6,798
TOTAL EQUITY		<u><u>5,264</u></u>	<u><u>10,978</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated profits (losses) HK\$'000	
At 1 April 2020 (audited)	4,180	33,785	5,000	(31,987)	10,978
Loss and total comprehensive loss for the period	—	—	—	(5,714)	(5,714)
At 30 September 2020 (unaudited)	<u>4,180</u>	<u>33,785</u>	<u>5,000</u>	<u>(37,701)</u>	<u>5,264</u>

For the six months period ended 30 September 2019

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated profits (losses) HK\$'000	
At 1 April 2019 (audited)	4,180	33,785	5,000	2,347	45,312
Loss and total comprehensive loss for the period	—	—	—	(1,839)	(1,839)
At 30 September 2019 (unaudited)	<u>4,180</u>	<u>33,785</u>	<u>5,000</u>	<u>508</u>	<u>43,473</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash used in operating activities	(4,794)	(9,000)
Net cash used in investing activities	–	–
Net cash used in financing activities	<u>(4,638)</u>	<u>–</u>
Net decrease in cash and cash equivalents	(9,432)	(9,000)
Cash and cash equivalents as at the beginning of the period	<u>11,149</u>	<u>29,419</u>
Cash and cash equivalents as at the end of the period	<u><u>1,717</u></u>	<u><u>20,419</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION

KNK Holdings Limited (the “Company”) was incorporated and registered as an exempted company with limited liability on 29 July 2015 under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 December 2016. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Unit E, 33rd Floor, Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company and its subsidiaries (together the “Group”) are principally engaged in the provision of comprehensive architectural and structural engineering consultancy service.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from the application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the unaudited condensed consolidated financial statement:

<i>Amendments to HKAS 1 and HKAS 8</i>	<i>Definition of Material</i>
<i>Amendments to HKFRS 3</i>	<i>Definition of a Business</i>
<i>Amendments to HKFRS 9, HKAS 39 and HKFRS 7</i>	<i>Interest Rate Benchmark Reform</i>

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has 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.

3. ESTIMATES

The preparation of unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group as at and for the year ended 31 March 2020.

4. SEGMENT REPORTING

The Group manages its operation by business lines in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment. The management reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Information about geographical areas

All of the activities of the Group are carried out in Hong Kong and all of the Group's revenue for the six months period ended 30 September 2020 and 2019 were derived from Hong Kong. Accordingly, no analysis of geographical information is presented.

5. REVENUE

Revenue represents the contract revenue from provision of comprehensive architectural and structural engineering consultancy service, including licensing consultancy, alternation and addition works and minor works consultancy, inspection and certification and other architectural related consultancy.

6. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	–	106
	<u> </u>	<u> </u>

The provision for Hong Kong Profits tax for 2019 is calculated at 8.25% for the first HK\$2,000,000 and 16.5% on the remaining balance.

7. INTERIM DIVIDEND

The Board has resolved not to declare any dividend for the six months ended 30 September 2020 (2019: Nil).

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss:		
Loss for the purposes of basic and diluted earnings per share:		
Loss for the period attributable to owners of the Company	<u>(5,714)</u>	<u>(1,839)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>418,000,000</u>	<u>418,000,000</u>

No diluted loss per share is presented for the six months ended 30 September 2020 and 2019 as there were no potential ordinary shares outstanding during the period.

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

During the six months ended 30 September 2020, no addition or disposal of items of property, plant and equipment.

During the six months ended 30 September 2019, apart from addition of items of property, plant and equipment with aggregate cost of approximately HK\$850,000, no disposal of items of property, plant and equipment.

Right-of-use assets

During the current interim period, no new lease agreement entered.

10. INTERESTS IN ASSOCIATES

The following list contains particulars of the associates, which are unlisted corporate entity whose quoted market price is not available:

Name of company	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest		Principal activity
			2020	2019	
Kin On Engineering (International) Limited	Hong Kong	16,000,000 ordinary shares	49%	49%	Interior design, renovation and building work and such other work related to implementation of architecture and structural engineering consultancy services (<i>Note</i>)
Regatta Asia Limited	Hong Kong	5,000,000 ordinary shares	50%	50%	Development of Architectural related IT applications and systems (<i>Note</i>)

Note: The above associates are accounted for using the equity method in the consolidated financial statements.

11. TRADE AND OTHER RECEIVABLES

		30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade receivables			
Trade receivables from third parties	<i>11a</i>	<u>3,832</u>	<u>4,650</u>
Contract assets	<i>11b</i>	4,006	4,006
Less: Loss allowance		<u>(2,003)</u>	<u>(2,003)</u>
		<u>2,003</u>	<u>2,003</u>
		<u>5,835</u>	<u>6,653</u>
Other receivables			
Deposits and prepayments		7,046	3,120
Amount due from an associate		160	160
Amount due from ultimate holding company		<u>12</u>	<u>12</u>
		<u>7,218</u>	<u>3,292</u>
		<u>13,053</u>	<u>9,945</u>

11a) Trade receivable

The Group does not allow any credit period to its customers. As of the end of the reporting period, the ageing analysis of trade receivables based on invoice date and net of loss allowance is as follows:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Within 30 days	1,367	2,257
31-60 days	515	704
61-90 days	493	335
91-180 days	939	480
Over 180 days	<u>518</u>	<u>874</u>
	<u>3,832</u>	<u>4,650</u>

11b) Contract assets

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Consultancy Contract	<u>2,003</u>	<u>2,003</u>

At 30 September 2020, the contract assets are expected to be recovered within 1 year.

The Group has rights to considerations from customers for comprehensive architectural and structural engineering consultancy contract. Contract assets arise when the Group has right to consideration for completion of contracts and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade debtors when such right becomes unconditional other than the passage of time.

12. TRADE AND OTHER PAYABLES

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade payables		
Trade payables - third parties	–	950
Contract liabilities	<u>3,563</u>	<u>430</u>
	3,563	1,380
Other payables		
Accrued changes and other creditors	<u>1,257</u>	<u>2,015</u>
Interest payable	<u>186</u>	<u>380</u>
	<u>5,006</u>	<u>3,775</u>

As of the end of the reporting period, the ageing analysis of trade payables based on invoice date, is as follows:

1 – 30 days	<u>–</u>	<u>950</u>
-------------	----------	------------

13. OTHER BORROWINGS

During the year ended 31 March 2020, the Group received an advance of HK\$5.5 million (“Alleged Debt”). The proceeds of the Group’s Alleged Debt was received through a subsidiary of the Company, namely Golden Legend Capital Limited. The current management has been unable to reach certain former directors of the Company who are also the directors (“Former Directors”) of the subsidiary, loan agreements and representations in relation to the Alleged Debt.

On 20 July 2020, a statutory demand served on the Company by a purported creditor to demand the Company to pay for the Alleged Debt with accrued interest in an aggregate amount of approximately HK\$5.8 million within 3 weeks after service of the statutory demand. If no payment was made by the expiry of the 3-week period, the creditor might present a winding-up petition against the Company. On 23 September 2020, the Company received a writ of summons issued in the Court of First Instance of the High Court of Hong Kong by the same purported creditor. Pursuant to the writ, the plaintiff claims against the Company for the Alleged Debt with accrued interest.

On the other hand, since the current management has been unable to reach the Former Directors, on 31 July 2020 the Company issued and filed the writ of summons, together with the statement of claim dated 30 July 2020, against the Former Directors for breach of the directors' duties in the High Court of Hong Kong. Application was made to the said court to serve the writ out of jurisdiction on the Former Directors in the People Republic of China. The process of serving writs against certain former directors will take months as this will involve the corresponding court(s) in China. There is no update as at the date of this announcement.

For details, please refer to the announcements of the Company dated 24 January 2020, 31 July 2020, 31 August 2020 and 8 October 2020.

14. TERM LOAN

The Company entered into an unsecured loan agreement with an on-demand loan facility limit of HK\$10 million with an independent third party on 8 January 2020. The loan is unsecured, interest-bearing at 12% per annum and repayable within one year.

15. BOND PAYABLE

The Group entered into a subscription agreement with an independent third party (the "Subscriber") for the issuance of a 8% coupon unlisted bond on 30 August 2018 with the principal amount of HK\$5,000,000. The amount is fully repaid during the period.

16. SHARE CAPITAL

	Number of Shares	HK\$
Authorised:		
At 1 April 2019, 31 March 2020, and 30 September 2020 ordinary shares of HK\$0.01 each	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
At 1 April 2019, 31 March 2020, and 30 September 2020 ordinary shares of HK\$0.01 each	<u>418,000,000</u>	<u>4,180,000</u>

17. EVENT AFTER THE REPORTING PERIOD

On 23 October 2020, a wholly owned subsidiary of the Company, Energetic Tree Limited, entered into a sale and purchase agreement with an independent third party to dispose its 50% interest in Regatta Asia Limited at a consideration of HK\$500,000. The disposal was completed on the same date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of comprehensive architectural and structural engineering consultancy service. During the six months ended 30 September 2020, as continuing from previous financial year and mentioned in 2020 annual report, the Group has focused on developing business opportunities with existing customers as well as working on those referrals from them; at the same time, the Group plans to expand the types of architectural-related services.

The Company's shares were successfully listed on GEM on 12 December 2016. The proceeds raised have strengthened the cash position of the Group and allowed the Group to expand from different aspects.

The revenue of the Group increased by HK\$3.2 million or 21.4% during the Period as compared with six months ended 30 September 2019; and the loss for the Period was HK\$5.7 million whereas there was a loss of HK\$1.8 million for the six months ended 30 September 2019. The reasons of such changes can be found under the Financial Review section below.

Going forward, while actively exploring new businesses opportunities, as mentioned above, the Group also plans to extend its business reach and expand service coverage to lay a foundation for our longterm development. These strategic directions aim to capture new business opportunities in the market and contribute satisfactory long-term returns to our shareholders. Such achievements depend on whether we can attract competent professionals to join the Group.

Under the current political and economic environment, in particular as the impact of COVID-19 is still uncertain, the Group will seek to minimise risk exposure by bargaining better terms from sub-contractors, minimising expenses, securing projects and keeping closer eyes on chasing receivables to keep the operations of the Group as usual.

FINANCIAL REVIEW

Revenue

The Group's revenue is generated from the contract revenue from provision for comprehensive architectural and structural engineering consultancy service, including licensing consultancy, alternation and addition works and minor works consultancy, inspection and certification and other architectural related consultancy.

The total revenue for the Period was approximately HK\$18.0 million (2019: HK\$14.8 million) which represented HK\$3.2 million or 21.4% increase as compared to the corresponding period in 2019. Such change was mainly attributable to the revenue contribution from a project with a relatively large contract sum.

The gross profit margin lowered from approximately 24.9% in the six months ended 30 September 2019 to approximately 3.4% in the Period. Such decrease was mainly due to lower profit margin under current economic environment and in particular revenue contribution from a project with large contract sum but thin profit margin.

Administrative expenses

The total administrative expenses for the Period was approximately HK\$7.1 million (2019: HK\$5.6 million) and there was an increase of HK\$1.5 million or 27.2%. Such change was mainly due to increased legal and professional fees on handling various compliance and legal issues.

Income tax expenses

The income tax expenses for the Period was Nil (2019: HK\$0.1 million) due to no estimated assessable profit was recorded for the Period.

Loss for the period

The Group recorded a net loss attributable to owners of the Company of approximately HK\$5.7 million for the Period (2019: HK\$1.8 million). Such increase in loss was mainly due to a drop of profit margin and resulted gross profit such that it could not cover administrative expenses incurred.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group financed its operations by cash flow from operating activities and borrowings from independent third party. As at 30 September 2020, the Group had net current liabilities of approximately HK\$2.9 million (31 March 2020: net current assets of HK\$2.7 million), including bank and cash balances of approximately HK\$1.7 million (31 March 2020: HK\$11.1 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 0.84 times as at 30 September 2020 (31 March 2020: 1.1 times). Such drop was mainly due to the drop of bank and cash balances.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$5.3 million as at 30 September 2020 (31 March 2020: HK\$11.0 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group had 28 (2019: 32) employees. Total staff and directors' remuneration for the Period was approximately HK\$9.0 million (2019: HK\$8.3 million). The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and with reference to the prevailing market conditions. Our remuneration packages comprise monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charge arranged with any financial institution in Hong Kong as at 30 September 2020 (2019: Nil).

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars, and as such the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal. Hence, no financial instrument for hedging was employed.

CONTINGENT LIABILITIES

No material contingent liability had come to the attention of the Directors in the six months ended 30 September 2020 and up to the date hereof.

EVENT AFTER THE REPORTING PERIOD

One of the associates of the Group, namely Regatta Asia Limited, was disposed to an independent third party on 23 October 2020. For details please refer to Note 17 of the Notes to the Condensed Consolidated Financial Statements.

Saved as disclosed above, there was no significant event relevant to the business or financial performance of the Group that comes to the attention of the Directors after the period ended 30 September 2020 and up to the date hereof.

USE OF PROCEEDS

With reference to the announcement dated 11 August 2020, the usage of remaining proceeds of HK\$10.4 million as at 31 March 2020 was reduced to HK\$9.4 million for working capital HK\$1.0 million was used for strengthening the Group's team of professional staff which was used up in full.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the ordinary shares of HK\$0.01 each in the Company ("Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") were as follows:

Long position in the Shares

Name of Director	Capacity/ Nature of interests	Number of Share interested	% of issued voting Shares
Mr. Poon Kai Kit, Joe ("Mr. Poon")	Interest of a controlled corporation	194,800,000	46.60%

Note:

These Shares were registered in the name of Energetic Way Limited ("Energetic Way"), which was owned as to 50% by Mr. Poon and 50% by Ms. Chan Ka Yee ("Ms. Chan"), spouse of Mr. Poon. Under the SFO, Mr. Poon was deemed to have interest in all of these Shares by virtue of having controlling interest in Energetic Way.

Save as disclosed above, as at 30 September 2020, none of the Directors or the Chief Executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN SECURITIES

So far as is known to the Directors and the Chief Executives, as at 30 September 2020, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executives) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long position in the Shares

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
Energetic Way (<i>Note</i>)	Beneficial owner	194,800,000	46.60%
Ms. Chan (<i>Note</i>)	Interest of a controlled corporation	194,800,000	46.60%
Ke Yuexian	Beneficial owner	83,624,000	20.01%

Note:

These Shares were the same Shares of which Mr. Poon were interested as set out under the Section of "Interests and Short Positions of the Directors and Chief Executives in Securities" above. Under the SFO, Ms. Chan was deemed to have interest in all of these Shares by virtue of having controlling interest in Energetic Way.

Save as disclosed above, as at 30 September 2020, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 21 November 2016 which has become effective since 12 December 2016 to recognize and motivate the contribution of the eligible participants to the Group.

As at the date of this announcement and since the adoption of the Scheme, no share option has been granted by the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “Interests and Short Positions of the Directors and Chief Executives in Securities” and “Share Option Scheme” in this announcement, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the Period had the Directors and the Chief Executives (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) and its associated corporations (within the meaning of the SFO).

COMPETING INTERESTS

As at 30 September 2020, none of the Directors, the substantial shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE

Corporate Governance Code

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders and enhance its corporate value. The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code under Appendix 15 of the GEM Listing Rules (the “CG Code”).

The Company had complied throughout the Period with all the code provisions as set out in the CG Code except with the deviation from code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Poon and Ms. Sin Pui Ying, being the executive Directors, provide the Board with strong and consistent leadership to ensure that the Board works effectively and acts in the interest of the Company. At the same time, they are responsible for formulation of corporate strategy and business development. The daily operation and management of the Company is monitored by the executive Directors as well as the senior management. All Directors (including the independent non-executive Directors), being experienced individuals, are encouraged to make active contributions to the Board’s affairs and promoting a culture of openness and debate. Based on the above, the Board is of the view that although no chairman nor chief executive are appointed, the

balance of power and authority of the Board is ensured and believes the current structure (with proper delegation authorities to the management and effective supervision by the Board and its committees) functions effectively and that no change to current structure is required.

Model Code for Securities Transactions by Directors

The Company has adopted the required standard of dealings set out in the Model Code as its code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries to the Directors, all of them had confirmed they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the date of the 2020 Annual Report of the Company, which are required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules are set out below:

(a) Change of Directors and positions held with board committees of the Company

Name/Positions	Appointment Date	Resignation Date
Mr. Chan Chung Yin, Victor – Independent Non-executive Director – Chairman of Nomination Committee – Member of Audit Committee – Member of Remuneration Committee	–	2 November 2020
Ms. Chan Yuk Chun – Independent Non-executive Director – Chairperson of Nomination Committee – Member of Audit Committee – Member of Remuneration Committee	2 November 2020	–

(b) Changes in biographical details of Directors

Name of Directors	Name of Listed Company	Position	Details (YYYY-MM-DD)
Mr. Poon Kai Kit, Joe	Kato (Hong Kong) Holdings Limited (Stock Code: 2189)	Non-Executive Director	(A): 2020-08-11

Name of Directors	Name of Listed Company	Position	Details (YYYY-MM-DD)
Ms. Sin Pui Ying	Aurum Pacific (China) Group Limited (Stock Code: 8148)	Executive Director	(A): 2019-11-22 (R): 2020-09-15
	China Wood International Holding Co., Limited (Stock Code: 1822)	Executive Director	(A): 2020-05-15 (R): 2020-08-24
	Courage Investment Group Limited (Stock Code: 1145)	Executive Director	(A): 2020-09-25
	hmvod Limited (Stock Code: 8103)	Executive Director	(A): 2020-04-21
	On Real International Holdings Limited (Stock Code: 8245)	Non-Executive Director Executive Director	(A): 2019-09-21 (R): 2019-11-01 (A): 2019-11-01
Ms. Lai Pik Chi, Peggy	CT Environmental Group Limited (Stock Code: 1363)	Independent Non- Executive Director	(A): 2020-08-03
Mr. Chan Chung Yin, Victor	Palace Banquet Holdings Limited (Stock Code: 1703)	Independent Non- Executive Director	(A): 2020-09-28

Notes:

A = Appointment Date

R = Resignation Date

REVIEW OF UNAUDITED INTERIM RESULTS

The condensed consolidated financial information of the Group for the Period has not been reviewed nor audited by the Company's auditor, Mazars CPA Limited (Registered Public Interest Entity Auditor), but has been reviewed by the Audit Committee of the Company, which comprises the three independent non-executive Directors of the Company.

By order of the Board
KNK Holdings Limited
Sin Pui Ying
Director

Hong Kong, 13 November 2020

As at the date of this announcement, the executive Directors are Mr. Poon Kai Kit, Joe and Ms. Sin Pui Ying; and the independent non-executive Directors are Mr. Lee Pui Chung, Ms. Lai Pik Chi, Peggy and Ms. Chan Yuk Chun.