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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 30 January 2019, the Company entered into the Subscription Agreement with Alpha Generator and the Target Company, pursuant to which Alpha Generator and the Group agreed to subscribe for 8,159,999 and 7,840,000 shares of the Target Company respectively.

Immediately upon completion of the Subscription: (i) the registered capital of the Target Company will be HK\$16 million; (ii) and Alpha Generator and the Company (or a member of the Group) will hold 51% and 49% of the shareholding of the Target Company respectively.

As one or more of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Subscription exceed 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

THE SUBSCRIPTION

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The principal terms of the Subscription Agreement are summarised below:

- Date : 30 January 2019
- Parties : (i) Alpha Generator;
(ii) the Company; and
(iii) the Target Company
- The Subscription and capital contribution : Subject to the terms of the Subscription Agreement, Alpha Generator and the Company (or its nominee provided always that such nominee is within the Group) shall, within 3 Business Days from the date of the Subscription Agreement, make an unconditional application in writing to the Company for the allotment to each of them of 8,159,999 and 7,840,000 shares of the Target Company respectively of HK\$1 each
- Payment of the Contribution Amount : The Contribution Amount shall be payable in full by Alpha Generator and the Company respectively upon allotment
- Scope of business of the Target Company : The business of the Target Company shall focus solely on interior design, renovation and building work and such other work relating to implementation of architectural and structural engineering consultancy services (but not including provision of such consultancy services)
- Composition of the board of directors of the Target Company : Unless otherwise agreed by all shareholders of the Target Company:
(i) the board of directors of the Target Company shall at any time consist of at least 5 directors; and
(ii) the largest shareholder of the Target Company shall be entitled to appoint 3 directors of the Target Company, while the second largest shareholder of the Target Company shall be entitled to appoint 2 directors of the Target Company

BASIS OF THE CONTRIBUTION AMOUNT BY THE COMPANY AND ALPHA GENERATOR

The respective Contribution Amount by the Company and Alpha Generator was determined after arm's length negotiation between the Company and Alpha Generator with reference to the expected future capital requirement for the business development of the Target Company and the respective capital contribution intentions of both the Company and Alpha Generator.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

By entering into this Subscription Agreement, the Group can make use of Alpha Generator's resources and expertise to take part in the business in relation to implementation of architectural and structural engineering consultancy services. In addition, the Target Company will be able to take up certain parts of the Group's project work which are currently outsourced to subcontractors. By doing so, not only will the Group be able to have an indirect interest in such businesses, the Group's work in liaising and coordinating with various subcontractors will reduce in these projects as the Target Company will assume the role which in turn saves the Group's administrative resources and allows the Group to put more focus on our consultancy work and developing new business opportunities.

The terms of the Subscription Agreement were determined after arm's length negotiations between the parties thereto and on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Subscription Agreement are fair and reasonable; (ii) the Subscription Agreement is entered into on normal commercial terms; and (iii) the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Subscription exceed 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

INFORMATION OF THE PARTIES

The Group is principally engaged in the provision of architectural and structural engineering consultancy services. For more information on the Group, please visit its official website at <http://www.knk.com.hk> (the information that appears in this website does not form part of this announcement).

Alpha Generator is an investing holding company and its current operating subsidiary is principally engaged in the provision of interior design and consultancy services.

The Target Company was incorporated in Hong Kong with limited liability on 28 November 2018 and does not have any subsidiary. As at the date of this announcement and prior to the entering into the Subscription Agreement, the Target Company was wholly-owned by Alpha Generator and had not been engaged in any business activities.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Target Company, Alpha Generator and its ultimate beneficial owner(s) is an Independent Third Party.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Alpha Generator”	Alpha Generator Limited, a company incorporated in the British Virgin Islands with limited liability
“Board”	the Board of Directors
“Company”	KNK Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 08039)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Contribution Amount”	the amount to be contributed by Alpha Generator and the Company into the Target Company for the Subscription pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of shares in the Target Company pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement entered into among the Company, Alpha Generator and the Target Company on 30 January 2019
“Subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the GEM Listing Rules and the term “Subsidiaries” shall be construed accordingly
“Target Company”	Kin On Engineering (International) Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent

By order of the Board
KNK Holdings Limited
Poon Kai Kit Joe
Chairman

Hong Kong, 30 January 2019

As at the date of this announcement, the executive Directors are Mr. Poon Kai Kit Joe, Ms. Chan Ka Yee, Mr. Sun Xiao Li, Mr. Gu Jintai, Ms. Shi Lijie and Mr. Feng Wei; and the independent non-executive Directors are Mr. Kong Kam Wang, Mr. Sung Hak Keung Andy and Mr. Wong Kai Tat.

This announcement, for which the Directors 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 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.knk.com.hk.