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KWUNG'S HOLDINGS LIMITED

曠世控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1925)

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION COMPLETION OF DISPOSAL OF ENTIRE EQUITY INTEREST IN NINGBO WANWEI AND CONNECTED TRANSACTIONS IN RELATION TO TENANCY AGREEMENTS

COMPLETION OF THE DISPOSAL

The Board is pleased to announce that all the conditions precedent of the Disposal under the Equity Transfer Agreement have been fulfilled, and the Disposal has been completed pursuant to the terms of the Equity Transfer Agreement. Upon Completion, the Company no longer holds any equity interest in Ningbo Wanwei and Ningbo Wanwei has ceased to be a subsidiary of the Company. The consideration for the Disposal of RMB47 million has been fully received by Ningbo Kwung's.

TENANCY AGREEMENTS WITH NINGBO WANWEI

As disclosed in the Circular, the Group is using a portion of the Property as office premises. In order to allow the Group to continue to use such portion of the Property currently occupied by the Group as office premises after the completion of the Disposal, on 15 April 2024:

1. Ningbo Aromage entered into the Tenancy Agreement (Ningbo Aromage) with Ningbo Kuangshi Net Trade Park, the designated agent of Ningbo Wanwei to lease the Leased Property I as office premises; and
2. Ningbo Kwung's entered into the Tenancy Agreement (Ningbo Kwung's) with Ningbo Kuangshi Net Trade Park, the designated agent of Ningbo Wanwei to lease the Leased Property II as office premises.

Since all of the Tenancy Agreements share similar transaction nature and are entered into with Ningbo Kuangshi Net Trade Park, such transactions are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. Further, since (1) Tenancy Agreements share similar transaction nature with 2023 Tenancy Agreements, (2) the leased properties under the Tenancy Agreements and the 2023 Tenancy Agreements are all indirectly owned by Mr. Jin, and (3) the 2023 Tenancy Agreements are entered into within 12 months prior to the entering into of the Tenancy Agreements, such transactions are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

The transactions contemplated under the Tenancy Agreements, when aggregated with the transaction contemplated under the 2023 Tenancy Agreements, shall be subject to the reporting, announcement but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as the applicable percentage ratios were less than 5%.

Reference is made to the announcement dated 28 December 2023, the Circular and the poll results announcement dated 20 February 2024 of the Company in relation to the disposal of the entire equity interest of Ningbo Wanwei. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

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2. Ningbo Kwung's entered into the Tenancy Agreement (Ningbo Kwung's) with Ningbo Kuangshi Net Trade Park, the designated agent of Ningbo Wanwei to lease the Leased Property II as office premises.

The principal terms of the Tenancy Agreements are summarised below:

Tenancy Agreement (Ningbo Aromage)

Date:	15 April 2024 (after trading hours)
Tenant:	Ningbo Aromage
Landlord's agent:	Ningbo Kuangshi Net Trade Park
Premises:	Room 201, Building 8, 827 Qixiang Road, Haishu District, Ningbo City
Area:	Approximately 1,180 square meters
Lease term:	From 16 April 2024 to 30 November 2026 (both days inclusive)
Security deposit:	RMB35,891.67
Rent:	RMB1 per square meter per day
Management Fee:	RMB0.17 per square meter per day
Payment terms:	Within 3 business days after signing the agreement, the security deposit, the rent for the period from 16 April 2024 to 15 October 2024 of RMB215,940 and the management fee for the period from 16 April 2024 to 15 October 2024 of RMB36,709.8 shall be paid by the tenant to the landlord's agent.

Subsequent rent and management fee shall be payable by the tenant to the landlord's agent yearly by advanced payment.

Tenancy Agreement (Ningbo Kwung's)

Date:	15 April 2024 (after trading hours)
Tenant:	Ningbo Kwung's
Landlord's agent:	Ningbo Kuangshi Net Trade Park
Premises:	Rooms 101, 202 and 301, Building 8, 827 Qixiang Road, Haishu District, Ningbo City
Area:	Approximately 5,937.47 square meters
Lease term:	From 16 April 2024 to 30 November 2026 (both days inclusive)
Security deposit:	RMB180,598.05
Rent:	RMB1 per square meter per day
Management Fee:	RMB0.17 per square meter per day
Payment terms:	Within 3 business days after signing the agreement, the security deposit, the rent for the period from 16 April 2024 to 15 October 2024 of RMB1,086,557.01 and the management fee for the period from 16 April 2024 to 15 October 2024 of RMB184,714.69 shall be paid by the tenant to the landlord's agent.

Subsequent rent and management fee shall be payable by the tenant to the landlord's agent yearly by advanced payment.

BASIS OF THE CONSIDERATION

The terms of each of the Tenancy Agreement (Ningbo Aromage) and Tenancy Agreement (Ningbo Kwung's) were negotiated on arm's length basis with reference to the prevailing market rent for comparable properties in the vicinity.

ACCOUNTING TREATMENT

In accordance with HKFRS 16 Leases, the Group will recognise right-of-use assets and related lease liabilities within the consolidated statement of financial position of the Group in connection with the Tenancy Agreements. The total estimated value of the right-of-use assets to be recognised by the Group under Tenancy Agreements amounts to approximately RMB7,099,000, which is the present value of rental payment in accordance with HKFRS 16.

On 30 April 2023, the 2023 Tenancy Agreements were entered into, details of which were disclosed in the Company's announcement dated 2 May 2023. As further disclosed in the section headed "Listing Rules Implications" below, the 2023 Tenancy Agreements shall be aggregated with the Tenancy Agreements for the purpose of determination of the implications under the Listing Rules. The total estimated value of the right-of-use assets to be recognised by the Group under the Tenancy Agreements and the 2023 Tenancy Agreements amounts to approximately RMB13,174,000, which is the present value of rental payment in accordance with HKFRS 16.

The above figures are unaudited and may be subject to adjustment in the future.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

The Group has set up a production plant in Yinzhou District, Ningbo City, Zhejiang Province, the PRC (the "**New Yinzhou Plant**"), which has started operating since 2020. The New Yinzhou Plant has been equipped with more advanced and automated production equipment and better logistics solution.

In addition to the New Yinzhou Plant, the Group has also taken a significant step to establish a new comprehensive production base in Wuhu City, Anhui Province, the PRC. Following the acquisition of a piece of land located at the Sanshan Economic Development Zone* (三山經濟開發區) with a total site area of approximately 96,000 sq.m. (the "**Land**") in August 2022, the Group has also entered into a construction agreement in January 2023 for design and construction of production facilities, including warehouses, workshop buildings and staff quarters, with a construction area of approximately 87,000 sq.m. on the Land.

The Group has been using a portion of the Property prior to the completion of the Disposal as office premises. After the completion of the Disposal, Group would like to continue to use certain part of the Property currently occupied by the Group as office premises by leasing from Ningbo Kuangshi Net Trade Park as the designated agent of Ningbo Wanwei. The entering into of the Tenancy Agreements would allow the Group to continue to use such part of the Property as office premises at fair market rent.

In light of the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Tenancy Agreements and the transactions contemplated thereunder, are entered into in the ordinary course of business of the Group and on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the rentals thereunder are fair and reasonable.

Mr. Jin is regarded as having a material interest in the transactions contemplated under the Tenancy Agreements and therefore Mr. Jin has abstained from voting on the Board resolution to approve the transactions contemplated under the Tenancy Agreements.

Save and except for the aforesaid, none of the Directors has any material interest in the Tenancy Agreements, and was required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Tenancy Agreements.

INFORMATION ABOUT THE PARTIES

The Group

The Company is incorporated in Cayman Islands with limited liability and the Group is principally engaged in the design and manufacturing of home decoration products, comprising candles, home fragrance and home accessories in the PRC.

Ningbo Kuangshi Net Trade Park

Ningbo Kuangshi Net Trade Park, the principal business of which is property management and agency service in the PRC, is a company established in the PRC with limited liability and is owned as to 98% by Mr. RU Jin (茹晉) and 2% by Mr. DAI Henghui (戴恒暉).

LISTING RULES IMPLICATIONS

As at the date of this announcement:

- (1) 52,102,857 Shares of the Company, representing approximately 12.86% of the total number of issued Shares, were held by Mr. RU Liming (茹黎明). Mr. RU Liming is the father of Mr. RU Jin (茹晉) who cohabits with each other. Mr. RU Liming. Ningbo Kuangshi Net Trade Park is owned as to 98% by Mr. RU Jin and 2% by Mr. DAI Henghui (戴恒暉). Therefore, Mr. RU Liming is a substantial Shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. Mr. RU Jin and Ningbo Kuangshi Net Trade Park are associates of Mr. RU Liming and therefore are connected persons of the Company under Chapter 14A of the Listing Rules.

- (2) 251,360,286 Shares of the Company, representing approximately 62.06% of the total number of issued Shares, were held by Golden Element Investment Limited which in turn was held as to 99.99% by Golden Existence Investment Limited. Golden Existence Investment Limited was held as to 100% by Equiom Fiduciary Services (Hong Kong) Limited which is the trustee of a family trust set up by Mr. Jin who can influence how the trustee exercises its discretion in the trust. As a result, Mr. Jin is a substantial Shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 Leases, the rental payment to be made by Ningbo Kwung's or Ningbo Aromage under the Tenancy Agreements will be recognised as right-of-use assets and will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. As such, pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Tenancy Agreements constitute one-off connected transactions of the Company.

The transactions contemplated under Tenancy Agreement (Ningbo Aromage), on a standalone basis, are exempted from the reporting, announcement and independent shareholders' approval requirements as all applicable percentage ratios are more than 0.1% but less than 5%, and the total consideration of the transaction is less than HK\$3,000,000.

Since all of the Tenancy Agreements share similar transaction nature and are entered into with Ningbo Kuangshi Net Trade Park, such transactions are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. Further, since (1) the Tenancy Agreements share similar transaction nature with the 2023 Tenancy Agreements, (2) the leased properties under the Tenancy Agreements and the 2023 Tenancy Agreements are all indirectly owned by Mr. Jin, and (3) the 2023 Tenancy Agreements are entered into within 12 months prior to the entering into of the Tenancy Agreements, such transactions are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

The transactions contemplated under the Tenancy Agreements, when aggregated with the transaction contemplated under the 2023 Tenancy Agreements, shall be subject to the reporting, announcement but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as the applicable percentage ratios were less than 5%.

DEFINITIONS

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

“2023 Tenancy Agreements”	Tenancy Agreement (Ningbo Kwung’s – April 2023) and Tenancy Agreement (Ningbo Fenyuan – April 2023);
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Circular”	the circular of the Company dated 30 January 2024 in respect of the Equity Transfer Agreement and the transactions contemplated thereunder;
“Company”	Kwung’s Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01925);
“Conditions Precedent”	the conditions precedent as set out in “Conditions Precedent” in the section headed “Principal Terms of the Equity Transfer Agreement” of the “Letter from the Board” set out in the Circular;
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Target Equity Interest pursuant to the terms and conditions of the Equity Transfer Agreement;
“Equity Transfer Agreement”	the equity transfer agreement dated 28 December 2023 entered into between Ningbo Kwung’s and Kwung’s Investment;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purposes of considering, and if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Kwung’s Investment” or “Purchaser”	Ningbo Kwung’s Investment Holding Co., Ltd. (寧波曠世投資控股有限公司), a company established under the laws of the PRC with limited liability;
“Lease Property I”	Room 201, Building 8, 827 Qixiang Road, Haishu District, Ningbo City;
“Lease Property II”	Rooms 101, 202 and 301, Building 8, 827 Qixiang Road, Haishu District, Ningbo City;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Mr. Jin”	Mr. Jin Jianxin, an executive Director and the chairman of the Board;
“Ningbo Aromage”	Ningbo Aromage Homeware Company Limited* (寧波香薰時代家居用品有限公司), a company established in the PRC with limited liability, and an indirectly wholly-owned subsidiary of the Company;
“Ningbo Fenyuan”	寧波芬緣香薰製品有限公司, a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company;
“Ningbo Jingxiang”	Ningbo Jingxiang Culture Development Company Limited* (寧波景祥文化發展有限公司) (“ Ningbo Jingxiang ”) is a company established in the PRC with limited liability and is wholly owned by Mr. RU Jin (茹晉);
“Ningbo Kwung’s” or “Vendor”	Ningbo Kwung’s Wisdom Art & Design Co., Ltd.* (寧波曠世智源工藝設計有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Ningbo Kuangshi Net Trade Park”	Ningbo Kuangshi Net Trade Park Culture Development Co.,Ltd.* (寧波曠世網貿園文化發展有限公司), a company established under the laws of the PRC with limited liability and is owned as to 98% by Mr. RU Jin (茹晉) and 2% by Mr. DAI Henghui (戴恒暉);

“Ningbo Wanwei” or “Target”	Ningbo Wanwei Crafts Manufacturing Co., Ltd* (寧波萬維工藝品製造有限公司), a company established under the laws of the PRC with limited liability and, immediately prior to the entering into of the Equity Transfer Agreement, a wholly subsidiary of Ningbo Kwung’s;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“Property”	the industrial land and industrial buildings located in Xuejia Village, Gulin Town, Haishu District, Ningbo City (covering a land use area of 11,743.6 square meters and a building area of 13,689.54 square meters);
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“Target Equity Interest”	the 100% equity interest in and of the Ningbo Wanwei held by Ningbo Kwung’s immediately prior to the entering into of the Equity Transfer Agreement;
“Tenancy Agreements”	Tenancy Agreement (Ningbo Aromage) and Tenancy Agreement (Ningbo Kwung’s);
“Tenancy Agreement (Ningbo Aromage)”	the tenancy agreement dated 15 April 2024 entered into between Ningbo Aromage and Ningbo Kuangshi Net Trade Park in respect of the lease of the Leased Property I;
“Tenancy Agreement (Ningbo Kwung’s)”	the tenancy agreement dated 15 April 2024 entered into between Ningbo Kwung’s and Ningbo Kuangshi Net Trade Park in respect of the lease of the Leased Property II;

Tenancy Agreement
(Ningbo Kwung's –
April 2023)

the tenancy agreement dated 30 April 2023 entered into between Ningbo Kwung's and Ningbo Jingxiang in respect of the lease of Building No. 1, Building No. 3 and Office Building, No. 70 Hongwei Road, Binhai Industrial Zone, Yinzhou District, Ningbo City, Zhejiang Province, the PRC;

Tenancy Agreement
(Ningbo Fenyuan –
April 2023)

the tenancy agreement dated 30 April 2023 entered into between Ningbo Fenyuan and Ningbo Jingxiang in respect of the lease of Building No. 2 and Warehouse, No. 70 Hongwei Road, Binhai Industrial Zone, Yinzhou District, Ningbo City, Zhejiang Province, the PRC;

“%”

per cent.

On behalf of the Board
Kwung's Holdings Limited
JIN Jianxin
Chairman

Hong Kong, 15 April 2024

The English translation of Chinese names or words in this announcement, where indicated by “”, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the executive Directors are Mr. JIN Jianxin and Mr. TIAN Dong; the non-executive Director is Mr. SHAO Patrick; and the independent non-executive Directors are Mr. LAI Chun Yu, Ms. XU Qiong and Mr. ZHOU Kai.