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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)

MAJOR TRANSACTION CONSTRUCTION AGREEMENT IN RESPECT OF THE CONSTRUCTION OF PRODUCTION FACILITIES

CONSTRUCTION AGREEMENT

The Board hereby announces that on 19 January 2023, Anhui Fenyuan (an indirect wholly-owned subsidiary of the Company) entered into the Construction Agreement with the Contractor, pursuant to which the Contractor will undertake the Construction Works at the consideration of RMB150,000,000.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Construction Agreement is more than 25% but less than 100%, the transaction contemplated under the Construction Agreement constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the Shareholders has a material interest in the transaction contemplated under the Construction Agreement. As such, no Shareholder is required to abstain from voting if an extraordinary general meeting were convened for the approval of the Construction Agreement. The Company has obtained written approval in respect of the Construction Agreement from King Harmony Limited, which is beneficially interested in 227,152,000 Shares, representing approximately 56.08% of the entire issued share capital and voting rights of the Company as at the date of this announcement. No extraordinary general meeting will be convened for the approval of the Construction Agreement as permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Construction Agreement will be despatched to the Shareholders on or before 14 February 2023.

INTRODUCTION

The Board hereby announces that on 19 January 2023, Anhui Fenyuan (an indirect wholly-owned subsidiary of the Company) entered into the Construction Agreement with the Contractor, pursuant to which the Contractor will undertake the Construction Works at the consideration of RMB150,000,000.

CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are set out below:

Date: 19 January 2023

Parties: (i) Anhui Fenyuan; and
(ii) the Contractor.

Scope of work: Design and construction works of production facilities, which mainly comprise warehouses, workshop buildings and staff quarters, with a construction area of approximately 87,000 sq.m. on a piece of land located at the Sanshan Economic Development Zone* (三山經濟開發區) of Wuhu City, Anhui Province, the PRC.

Construction period: The Construction Works are expected to be completed within 380 days after commencement.

Consideration: RMB150,000,000, and subject to any adjustments to be agreed by both parties from time to time.

Payment terms: The Contractor submits the monthly progress report by 20th of each month and 70% of the amount will be paid by Anhui Fenyuan not later than 5th of the following month after review and checking.

Anhui Fenyuan shall pay up to 97% of the Consideration upon the completion acceptance (including acceptance by the housing construction department and the fire department of the government of the PRC).

Anhui Fenyuan shall pay the remaining 3% of the Consideration after completion of the warranty period.

Performance guarantee: The Contractor will provide a letter of guarantee to Anhui Fenyuan issued by a bank in an amount of RMB7,500,000 for a period up to the completion of the Construction Works by the Contractor and completion acceptance of the Construction Works by Anhui Fenyuan.

Warranty: The warranty period of any defects of the Construction Works is 24 months commencing from the completion acceptance of the Construction Works by Anhui Fenyuan.

Condition precedent: The Construction Agreement is conditional upon the approval by Shareholders. As at the date of this announcement, the condition precedent set out above has been fulfilled.

BASIS OF CONSIDERATION

The Consideration was determined based on the prevailing market price of construction works with similar scale and complexity. The Directors have assessed the experience and capability of the Contractor, the expected scope, complexity and expected costs of the Construction Works and consider that the Consideration is fair and reasonable.

The Consideration will be financed by the Group's internal resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

As set out in the announcement of the Company dated 2 August 2022, the Group has acquired a piece of land located at the Sanshan Economic Development Zone* (三山經濟開發區) of Wuhu City, Anhui Province, the PRC, with a total site area of approximately 95,905.81 sq.m. (the "**Land**").

The Group currently mainly lease its production facilities for the manufacture of the Group's products. Considering that there is increasing need on the production capacity and also there is a target to further reduce the level of outsourcing of manufacture of products, the Group will construct its own production facilities on the Land pursuant to the Construction Agreement for the long term business growth.

Based on the above, the Directors consider that the transaction contemplated under the Construction Agreement is on normal commercial terms, that the terms of the Construction Agreement are fair and reasonable and that the entering into of the Construction Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the design and manufacturing of home decoration products, comprising candles, home fragrance and home accessories in the PRC.

Anhui Fenyuan is a company established with limited liability in the PRC and is indirectly wholly owned by the Company. Anhui Fenyuan is principally engaged in the manufacturing and sales of home decoration products, comprising candles, home fragrance and home accessories.

INFORMATION ABOUT THE CONTRACTOR

The Contractor is a company incorporated under the laws of the PRC and is principally engaged in provision of development and construction services, labour force subcontracting service and consultancy services for project costing. The Contractor is ultimately owned as to 80% by Ms. Ma Caixia * (馬彩霞) and 20% by Mr. Ren Jianding * (任建定). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATION

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To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the Shareholders has a material interest in the transaction contemplated under the Construction Agreement. As such, no Shareholder is required to abstain from voting if an extraordinary general meeting were convened for the approval of the Construction Agreement. The Company has obtained written approval in respect of the Construction Agreement from King Harmony Limited, which is beneficially interested in 227,152,000 Shares, representing approximately 56.08% of the entire issued share capital and voting rights of the Company as at the date of this announcement. No extraordinary general meeting will be convened for the approval of the Construction Agreement as permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Construction Agreement will be despatched to the Shareholders on or before 14 February 2023.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Anhui Fenyuan”	Anhui Fenyuan Aromatic Technology Company Limited* (安徽芬緣芳香科技有限公司), a company established under the laws of the PRC with limited liability and an indirectly wholly owned subsidiary of the Company;
“Board”	the board of Directors;

“Company”	Kwung’s Holdings Limited (曠世控股有限公司), a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration to be paid by Anhui Fenyuan to the Contractor pursuant to the Construction Agreement, being RMB150,000,000;
“Construction Agreement”	the agreement entered into between Anhui Fenyuan and the Contractor dated 19 January 2023 for the Construction Works;
“Construction Works”	design and construction works of production facilities, which mainly comprise warehouses, workshop buildings and staff quarters, with a construction area of approximately 87,000 sq.m. on a piece of land located at the Sanshan Economic Development Zone* (三山經濟開發區) of Wuhu City, Anhui Province, the PRC;
“Contractor”	Zhejiang Lianshangyuan Construction Co., Ltd. * (浙江聯尚原建設有限公司), a company established under the laws of the PRC with limited liability;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company;

“Shareholder(s)”	holder(s) of the Share(s);
“sq.m.”	square metre(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

* The English translation of the Chinese name of the relevant parties included in this announcement is prepared for identification purpose only. In the event of any inconsistency, the Chinese name shall prevail.

By order of the Board
Kwung’s Holdings Limited
JIN Jianxin
Chairman and executive Director

Hong Kong, 19 January 2023

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.