
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional advisor.

If you have sold or transferred all your shares in KWUNG'S HOLDINGS LIMITED (the "Company"), you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
DISPOSAL OF ENTIRE EQUITY INTEREST IN NINGBO WANWEI**

**Independent Financial Adviser to
the Independent Board Committee and the Shareholders**



Goldlink Capital (Corporate Finance) Limited

A letter from the Board is set out on pages 4 to 12 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on page 13 of this circular. A letter from Goldlink Capital (Corporate Finance) Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Shareholders is set out on pages 14 to 28 of this circular.

A notice convening the EGM to be held at 827 Qixiang Road, Ningbo City, Zhejiang Province, PRC on 20 February 2024, Tuesday at 9:00 a.m. is set out on pages 41 to 42 of this circular.

Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be) in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

30 January 2024

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 28 December 2023 in respect of the entering into of the Equity Transfer Agreement;
“Articles”	the articles of association of the Company as amended from time to time;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Circular”	this circular to be disseminated 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 of this 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;
“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;
“Equity Transfer Agreement”	the equity transfer agreement dated 28 December 2023 entered into between Ningbo Kwung’s and Kwung’s Investment;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of reviewing the terms of the Equity Transfer Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser”	Goldlink Capital (Corporate Finance) Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders of the Company (other than Mr. Jin and his associates, and any Shareholders who are involved in, or interested in the Disposal);
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries and/or their respective associates;
“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;
“Latest Practicable Date”	25 January 2024, being the latest practicable date prior to the dissemination of this circular for the purpose of ascertaining certain information contained in this circular;
“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 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;

DEFINITIONS

“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-owned 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 Circular;
“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;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“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;
“Valuation Benchmark Date”	31 October 2023;
“Valuation Report”	the valuation report prepared by the independent property valuer set out in Appendix I to this circular;
“%”	per cent.

The English translation of Chinese names or words in this circular, 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.*

LETTER FROM THE BOARD

KWUNG'S HOLDINGS LIMITED 曠世控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1925)

Executive Directors:

JIN Jianxin (*Chairperson*)
TIAN Dong

Non-executive Directors:

SHAO Patrick

Independent Non-executive Directors:

LAI Chun Yu
XU Qiong
ZHOU Kai

Registered Office:

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

*Principal Place of Business
in Hong Kong:*

Unit 1102, 11th Floor
Brill Plaza
No. 84 To Kwa Wan Road
To Kwa Wan, Kowloon
Hong Kong

30 January 2024

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION DISPOSAL OF ENTIRE EQUITY INTEREST IN NINGBO WANWEI

INTRODUCTION

On 28 December 2023 (after trading hours), Ningbo Kwung's (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Kwung's Investment, pursuant to which Ningbo Kwung's agreed to sell, and Kwung's Investment agreed to purchase, the Target Equity Interest representing 100% equity interest in and of Ningbo Wanwei at the consideration of RMB47 million.

As at the Latest Practicable Date, Ningbo Wanwei was an indirect wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Group will cease to have any equity interest in and of Ningbo Wanwei, and Ningbo Wanwei will cease to be a subsidiary of the Company.

LETTER FROM THE BOARD

The purposes of this circular are:

- (i) to provide the Shareholders with further information regarding the details of the Equity Transfer Agreement and the Disposal (including the Valuation Report);
- (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement; and
- (iii) to give the Shareholders other information in accordance with the requirements of the Listing Rules.

The notice of EGM is enclosed herein as part of this Circular.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised below:

- Date: 28 December 2023 (after trading hours)
- Parties: (i) Ningbo Kwung's (as the Vendor); and
(ii) Kwung's Investment (as the Purchaser).
- Subject matter: Pursuant to the Equity Transfer Agreement, Ningbo Kwung's agreed to sell, and Kwung's Investment agreed to purchase, the Target Equity Interest representing 100% equity interest in and of Ningbo Wanwei.
- Consideration: The consideration for the Disposal shall be RMB47 million.
- Payment terms: The consideration shall be paid in cash by bank transfer of immediately available funds in one lump sum within 14 days upon satisfaction or waiver of the conditions precedent of the Equity Transfer Agreement.
- Conditions Precedent: The Equity Transfer Agreement and the transactions contemplated thereunder shall become effective upon the Independent Shareholders' approval being obtained at a general meeting of the Company.

LETTER FROM THE BOARD

Further, the completion of the Disposal is conditional upon the Purchaser or Mr. Jin obtaining satisfactory bank facilities to fund the consideration unless waived by the Purchaser in writing. The Purchaser could waive such condition if it is satisfied to do so.

Long Stop Date:

If any of the Conditions Precedent is not fulfilled on or before 30 June 2024 (or such other date as the parties may agree), the Equity Transfer Agreement shall automatically lapse and be of no further effect and the Vendor and the Purchaser shall be released from all obligations thereunder.

Completion of the Disposal:

The registration of the transfer of the Target Equity Interest shall be completed within 10 days upon the payment of the consideration by the Purchaser.

BASIS OF THE CONSIDERATION FOR THE DISPOSAL

The consideration for the Disposal was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to the paid-up capital of Ningbo Wanwei of RMB47 million and the unaudited net assets value of Ningbo Wanwei as at 30 November 2023, which was RMB47 million.

INFORMATION ON NINGBO WANWEI

Ningbo Wanwei is a company established under the laws of the PRC with limited liability. It is principally engaged in property holding. As at the Latest Practicable Date, Ningbo Wanwei is an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Since Ningbo Wanwei was incorporated on 4 July 2023, the financial information of Ningbo Wanwei for the past two financial years is not available. As at 30 November 2023, the total assets and net assets of Ningbo Wanwei according to the unaudited management financial statement of Ningbo Wanwei are set out as follows:

	Balance as at 30 November 2023 <i>RMB'000</i> (unaudited)
Total assets	47,000
Net assets	47,000

Other than cash of RMB1 million, the assets of Ningbo Wanwei comprise entirely of the Property. During the financial years ended 31 December 2022 and 31 December 2021, the Property generated rental income and incurred associated expenses, details of which are set out as follows:

	For the year ended	
	31 December 2022 <i>RMB'000</i> (unaudited)	31 December 2021 <i>RMB'000</i> (unaudited)
Rental income	1,688	1,191
Expenses	863	675
Net rental income (after deduction of expenses)	825	516

LEASE OF CERTAIN PART OF THE PROPERTY AFTER THE DISPOSAL

It is expected that after the Disposal, the Group will continue to use certain part of the Property currently occupied by the Group as office premises by leasing from Ningbo Wanwei or its designated agent. The rent is to be negotiated on arm's length basis and determined with reference to the fair market rent. Should a tenancy agreement in respect of such premises be entered into, the Company will make an announcement in accordance with the Listing Rules, if so required, and comply with all other obligations thereunder.

FINANCIAL EFFECTS AND USE OF PROCEEDS OF THE DISPOSAL

After completion of the Disposal, Ningbo Wanwei will cease to be a subsidiary of the Company.

LETTER FROM THE BOARD

As a result of the Disposal, the Group is expected to recognise a gain of approximately RMB21.7 million on completion of the Disposal, which is calculated on the basis of the difference between the total consideration of the Disposal (after deduction of the RMB1 million cash held by Ningbo Wanwei) and the initial costs of the Property (after deduction of accumulated depreciation and maintenance costs).

The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to review and final audit by the auditor of the Group. The Group expects to receive net proceeds of approximately RMB47 million from the Disposal. The Group currently intends to use the proceeds from the Disposal as general working capital by funding the construction of the new comprehensive production base in Wuhu City, Anhui Province, the PRC.

VALUATION OF THE PROPERTY AND RECONCILIATION

Roma Appraisals Limited, an independent property valuer, valued the Property as at 31 October 2023. The full text of the Valuation Report is set out in Appendix I to this Circular. The reconciliation between the book value of the Property as at 31 December 2022 and the valuation of the same as at 31 October 2023 is set out below:

	<i>RMB'000</i>
Book value of the Property as at 31 December 2022	22,511
Valuation surplus	<u>19,559</u>
Valuation of the Property as at 31 October 2023	<u><u>42,070</u></u>

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 use of these premises is expected to commence in the first half of 2024.

LETTER FROM THE BOARD

Currently, the Group is using a portion of the Property as office premises. After the completion of the Disposal, it is expected that the Group will continue to use such portion of the Property currently occupied by the Group as office premises by leasing from Ningbo Wanwei or its designated agent at fair market price. Therefore, there is no material adverse impact on the Group's daily operation as a result of the Disposal.

As a result of the expansion of the self-owned properties of the Group, the Company considers that it is no longer necessary for the Company to continue to own the Property and it is in the interest of the Group to sell the Property in exchange of liquidity to support the daily operation of the Group.

Further, it is expected that the Group would recognise a gain of approximately RMB21 million and receive net proceeds of approximately RMB47 million from the Disposal, as well as enhancing the overall quality and efficiency of the operating assets of the Group.

In light of the above reasons, the Directors (other than the independent non-executive Directors whose view will be given in the Circular after reviewing the advice of the Independent Financial Adviser) are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 239,766,000 Shares of the Company, representing approximately 59.20% 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, in addition to being an executive Director and the chairman of the Board, Mr. Jin is a substantial Shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules.

As Kwung's Investment is owned as to approximately 97.66% by Mr. Jin, it is an associate of Mr. Jin and also a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Disposal contemplated under the Equity Transfer Agreement exceed 5%, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. Furthermore, as one or more of the applicable percentage ratios in relation to the Disposal is 5% or more, but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

An Independent Board Committee comprising all the independent non-executive Directors of has been formed to advise the Independent Shareholders in respect of the Equity Transfer Agreement and as to how to vote at the EGM. Goldlink Capital (Corporate Finance) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

In accordance with the Listing Rules, any connected person of the Company and any Shareholder with a material interest in the Equity Transfer Agreement and its close associate(s) must abstain from voting on the relevant resolution(s) at the EGM. Accordingly, Mr. Jin and his associates will abstain from voting in respect of ordinary resolutions to be put forward at the EGM for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

Save as aforesaid, the Directors are not aware of any other Shareholders who are required to abstain from voting on the ordinary resolutions in respect of the Equity Transfer Agreement and the transactions contemplated thereunder to be put forward at the EGM.

As at the Latest Practicable Date, 239,766,000 Shares, representing approximately 59.20% 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.

Hence, as at the Latest Practicable Date, holders of a total number of 239,766,000 Shares, representing approximately 59.20% of the total number of issued Shares, will abstain from voting in respect of the Equity Transfer Agreement to be put forward at the EGM.

Since Kwung's Investment is a company owned as to approximately 97.66% by Mr. Jin, approximately 1.17% by Ms. Chen Jiangyan, the spouse of Mr. Jin, and approximately 1.17% by Mr. Chen Dingfei, the father of Ms. Chen Jiangyan, Mr. Jin is considered as having a material interest in the transactions contemplated under the Equity Transfer Agreement, and has abstained from voting on the Board resolutions in relation thereto.

All other Directors are entitled to vote on the Board resolutions for considering and approving the Equity Transfer Agreement and the transactions contemplated thereunder.

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.

LETTER FROM THE BOARD

Kwung's Investment

Kwung's Investment is a company established under the laws of the PRC with limited liability and is principally engaged in investment holdings.

As at the Latest Practicable Date, the equity interest of Kwung's Investment is owned as to approximately 97.66% by Mr. Jin, approximately 1.17% by Ms. Chen Jiangyan, the spouse of Mr. Jin, and approximately 1.17% by Mr. Chen Dingfei, the father of Ms. Chen Jiangyan.

EGM

The Company will convene the EGM at 827 Qixiang Road, Ningbo City, Zhejiang Province, PRC on 20 February 2024, Tuesday at 9:00 a.m., at which resolutions will be proposed for the purposes of considering and, if thought fit, approving the Equity Transfer Agreement and transactions contemplated thereunder. The notice of the EGM is set out on pages 41 to 42 of this Circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Jin and his associates are required to abstain from voting on the resolution(s) to be put forward at the EGM in respect of the Equity Transfer Agreement.

A form of proxy for use at the EGM is accompanied herewith and made available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.kwungs.com/>). Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be) in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 February 2024, Thursday to 20 February 2024, Tuesday (both days inclusive), during which period no transfer of shares in the Company will be registered, for the purpose of determining the identity of the shareholders entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM to be held on 20 February 2024, Tuesday at 9:00 a.m., all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 14 February 2024, Wednesday. Shareholders whose names are recorded in the register of members of the Company on 20 February 2024, Tuesday are entitled to attend and vote at the EGM.

LETTER FROM THE BOARD

VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolution(s) at the EGM will be conducted by way of poll.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of Goldlink Capital (Corporate Finance) Limited, the Independent Financial Adviser, considers that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Equity Transfer Agreement.

The Board considers that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and in the interest of the Company and the Shareholders as a whole.

Yours faithfully,
On behalf of the Board
JIN Jianxin
Chairperson

KWUNG'S HOLDINGS LIMITED

曠世控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1925)

30 January 2024

To: the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION
DISPOSAL OF ENTIRE EQUITY INTEREST IN NINGBO WANWEI**

We refer to the circular of the Company dated 30 January 2024 of the Company (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Shareholders in respect of the terms of the Equity Transfer Agreement, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 4 to 12 and pages 14 to 28 of the Circular respectively.

Having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of Goldlink Capital (Corporate Finance) Limited, the Independent Financial Adviser, we consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM in respect of the Equity Transfer Agreement.

Yours faithfully,

Mr. LAI Chun Yu

Ms. XU Qiong

Mr. ZHOU Kai

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Goldlink Capital (Corporate Finance) Limited to the Independent Board Committee and the Independent Shareholders in respect of the on the Equity Transfer Agreement and the transactions contemplated thereunder, for the purpose of inclusion in this Circular.



28/F
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

30 January 2024

*To: The Independent Board Committee and the Independent Shareholders of
Kwung's Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION DISPOSAL OF ENTIRE EQUITY INTEREST IN NINGBO WANWEI

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Circular, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

References are made to the Announcement. On 28 December 2023 (after trading hours), Ningbo Kwung's (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Kwung's Investment, pursuant to which Ningbo Kwung's agreed to sell, and Kwung's Investment agreed to purchase, the Target Equity Interest representing 100% equity interest in and of Ningbo Wanwei at the consideration of RMB47 million.

As at the Latest Practicable Date, Ningbo Wanwei was an indirect wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Group will cease to have any equity interest in and of Ningbo Wanwei, and Ningbo Wanwei will cease to be a subsidiary of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, 239,766,000 Shares, representing approximately 59.20% 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, in addition to being an executive Director and the chairman of the Board, Mr. Jin is a substantial Shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules.

As Kwung's Investment is owned as to approximately 97.66% by Mr. Jin, it is an associate of Mr. Jin and also a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Disposal contemplated under the Equity Transfer Agreement exceed 5%, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. Furthermore, as one or more of the applicable percentage ratios in relation to the Disposal is 5% or more, but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In accordance with the Listing Rules, any connected person of the Company and any Shareholder with a material interest in the Equity Transfer Agreement and its close associates must abstain from voting on the relevant resolution(s) at the EGM. Accordingly, Mr. Jin and his associates will abstain from voting in respect of ordinary resolutions to be put forward at the EGM for approving the Equity Transfer Agreement and the transactions contemplated thereunder. Save as aforesaid, the Directors are not aware of any other Shareholders who are required to abstain from voting on the ordinary resolutions in respect of the Equity Transfer Agreement and the transactions contemplated thereunder to be put forward at the EGM.

The Independent Board Committee (comprising Mr. Lai Chun Yu, Ms. Xu Qiong and Mr. Zhou Kai, being all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder. We, Goldlink Capital (Corporate Finance) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we did not have any engagement with the Company or the Directors, chief executives and substantial Shareholders of the Company or any of their associates. We are independent of the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. The Shareholders will be informed of material change, if any, in information in the Circular up to the date of the EGM.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the information contained in the Circular 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 therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Equity Transfer Agreement and the transactions contemplated thereunder.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Equity Transfer Agreement and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND INFORMATION ON 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.

1.1 Financial performance of the Group

Set out below is a summary of the consolidated statements of profit or loss of the Group for each of the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2022 and 2023, which are extracted from the Company's annual report for the year ended 31 December 2022 (the "2022 Annual Report") and the Company's interim report for the six months ended 30 June 2023 (the "2023 Interim Report").

	Six months ended		Year ended	
	30 June	30 June	31 December	31 December
	2023	2022	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	302,076	364,748	718,675	631,395
Gross profit	66,763	65,760	134,395	121,126
Profit for the year/period attributable to owners of the Company	30,459	20,407	52,605	49,000

For the year ended 31 December 2022 ("FY2022")

Revenue of the Group increased by approximately RMB87.3 million or 13.8%, from approximately RMB631.4 million for the year ended 31 December 2021 to approximately RMB718.7 million for the FY2022. The Group secured more purchase orders from the existing customers, resulting in revenue growth.

The Group's gross profit increased by approximately RMB13.3 million or 11.0% to approximately RMB134.4 million for the FY2022 from approximately RMB121.1 million for the year ended 31 December 2021, which is in line with the increase in revenue. The Group recorded an increase in profit attributable to owners of the Company of approximately RMB3.6 million from approximately RMB49 million for the year ended 31 December 2021 to approximately RMB52.6 million for the FY2022, due mainly to (i) the increase in revenue and gross profit with reasons as discussed

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

above; (ii) the increase in other gains – net of approximately RMB5.8 million due to the net fair value gain on the funds invested by the Group; and (iii) the decrease in the Group’s income tax expense by approximately RMB3.3 million to approximately RMB3.7 million for the FY2022, mainly due to the full tax deduction for the newly purchased equipment in the PRC, and also the utilisation of tax losses for a subsidiary in the PRC, for which no deferred tax assets were recognised in the prior year.

For the six months ended 30 June 2023 (“6M2023”)

The Group recorded a drop in revenue of approximately RMB62.7 million or approximately 17.2%, from approximately RMB364.7 million for the six months ended 30 June 2022 to approximately RMB302.1 million for the 6M2023. The drop in revenue was mainly due to slight delay in purchase orders from a few major customers.

Despite the drop in revenue, the Group recorded an increase in gross profit by approximately RMB1.0 million to approximately RMB66.8 million. Such increase was mainly due to (i) drop in the cost of wax, which is the Group’s principal raw materials consumed for its production; and (ii) the depreciation of RMB against United States dollars during the 6M2023. The Group recorded an increase in profit attributable to owners of the Company of approximately RMB10.0 million from approximately RMB20.4 million for the six months ended 30 June 2022 to approximately RMB30.5 million for the 6M2023, due mainly to (i) the increase in gross profit with reasons as discussed above; (ii) decrease in administrative expenses of approximately RMB3.3 million to approximately RMB29.1 million for the 6M2023 mainly due to more effective operation in the post COVID-19 era; and (iii) increase in other gains – net to approximately RMB12.4 million as a result of foreign exchange gains and fair value gain on investments in funds.

1.2 Financial position of the Group

	As at 30 June 2023	As at 31 December	
	<i>RMB'000</i>	2022	2021
	(unaudited)	<i>RMB'000</i>	<i>RMB'000</i>
		(audited)	(audited)
Non-Current Assets	114,769	102,080	68,499
Current Assets	622,331	560,268	477,989
Total Assets	737,100	662,348	546,488
Current Liabilities	303,427	234,808	171,467
Non-Current Liabilities	–	–	241
Total Liabilities	303,427	234,808	171,708
Total equity	433,673	427,540	374,780

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2022, the total assets of the Group increased to approximately RMB662.3 million, mainly because (i) the increase in right-of-use assets of approximately RMB27.3 million to approximately RMB37.1 million, due mainly to the costs of approximately RMB30.1 million paid for the acquisition of a piece of land in Wuhu City, Anhui Province, the PRC, to be used for setting up of new production facilities; and (ii) the increase in financial assets at fair value through profit or loss of approximately RMB101.6 million to approximately RMB104.0 million as the Group subscribes certain private funds in the PRC using idle cash totalling RMB100 million during the FY2022. As at 31 December 2022, the total liabilities of the Group increased to approximately RMB234.8 million, mainly due to the increase in borrowings of approximately RMB55 million to approximately RMB135.0 million. As a result of the foregoing, the total equity of the Group increased to approximately RMB427.5 million as at 31 December 2022.

As at 30 June 2023, the total assets of the Group increased to approximately RMB737.1 million, mainly due to (i) the increase in trade receivables of approximately RMB24.8 million to approximately RMB149.0 million as at 30 June 2023 due to the slight delay in purchase orders from the customers from the first quarter to the second quarter of 2023, resulting in corresponding delay in settlement from customers after 30 June 2023; and (ii) increase in inventory by approximately RMB34.9 million to approximately RMB101.0 million as at 30 June 2023 which was mainly due to the increased stock level of raw materials for upcoming production plans in the third quarter of 2023. As at 30 June 2023, the total liabilities of the Group increased to approximately RMB303.4 million, mainly due to the increase in trade and other payables of approximately RMB62.7 million to approximately RMB146.9 million as at 30 June 2023, which mainly arose from the purchase of more raw materials for the upcoming production plans in the third quarter of 2023. As a result of the foregoing, the total equity of the Group further increased to approximately RMB433.7 million as at 30 June 2023.

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2. BACKGROUND INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

2.1 Background information on Ningbo Wanwei

Ningbo Wanwei is a company established under the laws of the PRC with limited liability. It is principally engaged in property holding. As at the Latest Practicable Date, Ningbo Wanwei is an indirect wholly-owned subsidiary of the Company.

Since Ningbo Wanwei was incorporated on 4 July 2023, the financial information of Ningbo Wanwei for the past two financial years is not available. As at 30 November 2023, the total assets and net assets of Ningbo Wanwei according to its unaudited management financial statement are set out as follows:

	Balance as at 30 November 2023 <i>RMB'000</i> (unaudited)
Total assets	47,000
Net assets	47,000

Other than cash of RMB1 million, the assets of Ningbo Wanwei comprise entirely of the Property. During the financial years ended 31 December 2022 and 31 December 2021, the Property generated rental income and incurred associated expenses, details of which are set out as follows:

	For the year ended	
	31 December 2022 <i>RMB'000</i> (unaudited)	31 December 2021 <i>RMB'000</i> (unaudited)
Rental income	1,688	1,191
Expenses	863	675
Net rental income (after deduction of expenses)	825	516

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2.2 Background information on Kwung's Investment

Kwung's Investment is a company established under the laws of the PRC with limited liability and is principally engaged in investment holdings. As at the Latest Practicable Date, the equity interest of Kwung's Investment is owned as to approximately 97.66% by Mr. Jin, approximately 1.17% by Ms. Chen Jiangyan, the spouse of Mr. Jin, and approximately 1.17% by Mr. Chen Dingfei, the father of Ms. Chen Jiangyan. Kwung's Investment is therefore an associate of Mr. Jin and also a connected person of the Company under Chapter 14A of the Listing Rules.

3. REASONS FOR AND BENEFITS OF THE DISPOSAL

We have discussed with the management of the Company in relation to the reasons for and benefits of the Disposal and considered the followings:

The Disposal has no material adverse impact on the business operations of the Group

Ningbo Wanwei is principally engaged in property holding and its assets comprise cash and the Property. As advised by the management of the Company, as at the Latest Practicable Date, the Group is using a portion of the Property as office premises while the remaining portion of the Property has been leased for rental income purposes.

As stated in the 2023 Interim Report, 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. Further, 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. 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 "**New Factory**"). The use of the New Factory is expected to commence in the first half of 2024. Per our discussion with the management of the Company, we are given to understand that the New Yinzhou Plant and the New Factory will be the main hub of business operations of the Group.

As advised by the management of the Company, upon completion of the Disposal, it is expected that the Group will continue to use certain part of the Property currently occupied by the Group as office premises and hence it is expected that there will be no material disruption on the business operation of the Group.

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Taking into consideration that (i) the current expansion of the self-owned production facilities of the Group; (ii) it is expected that the New Yinzhou Plant and the New Factory will be the main hub of the business operations of the Group; (iii) upon completion of the Disposal, it is expected that the Group will continue to use certain part of the Property currently occupied by the Group as office premises; and (iv) there is no material disruption on the business operations of the Group, the Directors consider that it is no longer necessary for the Company to continue to own the Property.

Potential positive financial impact to the Group

As advised by the management of the Company, upon the completion of the Disposal, the Group expects to receive net proceeds of approximately RMB47 million. The Directors consider that the Disposal represents an opportunity for the Group to realise the value of Ningbo Wanwei so as to generate additional working capital taking into account that the New Factory will commence operations in first half of 2024 and the net proceeds from the Disposal can provide extra working capital of the Group, in particular for the construction of the new comprehensive production base in Wuhu City, Anhui Province, the PRC.

Further, as detailed in the section “5. Financial effects on the Disposal” below, upon the completion of the Disposal, it is expected that the Group would recognise a gain of approximately RMB21.7 million, which in turn may bring positive impact on the earnings of the Group and thereby enhancing the overall quality and efficiency of the operating assets of the Group.

After taking into account that (i) the expansion of the self-owned production facilities of the Group; (ii) it is expected that the New Yinzhou Plant and the New Factory will be the main hub of the business operations of the Group; (iii) upon completion of the Disposal, it is expected that the Group will continue to use certain part of the Property currently occupied by the Group as office premises; (iv) there is no material disruption on the business operations of the Group; (v) the Disposal represents an opportunity for the Group to realise the value of Ningbo Wanwei so as to generate additional working capital for the operations of the New Factory; and (vi) the potential positive financial impact to the Group, we concur with the view of the Directors that although the Disposal is not conducted in the ordinary and usual course of the business of the Group, it is in the interests of the Company and the Shareholders as a whole.

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4. THE EQUITY TRANSFER AGREEMENT

4.1 Principal terms of the Equity Transfer Agreement

Set out below are the principal terms of the Equity Transfer Agreement and for further details, please refer to the Letter from the Board.

Date:	28 December 2023 (after trading hours)
Parties:	(i) Ningbo Kwung's (as the Vendor); and (ii) Kwung's Investment (as the Purchaser).
Subject matter:	Pursuant to the Equity Transfer Agreement, Ningbo Kwung's agreed to sell, and Kwung's Investment agreed to purchase, the Target Equity Interest representing 100% equity interest in and of Ningbo Wanwei.
Consideration:	The consideration for the Disposal shall be RMB47 million.
Payment terms:	The consideration shall be paid in cash by bank transfer of immediately available funds in one lump sum within 14 days upon satisfaction or waiver of the conditions precedent of the Equity Transfer Agreement.
Conditions Precedent:	The Equity Transfer Agreement and the transactions contemplated thereunder shall become effective upon the Independent Shareholders' approval being obtained at a general meeting of the Company. Further, the completion of the Disposal is conditional upon the Purchaser or Mr. Jin obtaining satisfactory bank facilities to fund the consideration unless waived by the Purchaser in writing. The Purchaser could waive such condition if it is satisfied to do so.

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Long Stop Date:	If any of the Conditions Precedent is not fulfilled on or before 30 June 2024 (or such other date as the parties may agree), the Equity Transfer Agreement shall automatically lapse and be of no further effect and the Vendor and the Purchaser shall be released from all obligations thereunder.
Completion of the Disposal:	The registration of the transfer of the Target Equity Interest shall be completed within 10 days upon the payment of the consideration by the Purchaser.

4.2 Fairness and reasonableness on the consideration as stipulated under the Equity Transfer Agreement

As stated in the Letter from the Board, the consideration for the Disposal was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to the paid-up capital of Ningbo Wanwei of RMB47 million and the unaudited net assets value of Ningbo Wanwei as at 30 November 2023, which was RMB47 million. The assets of Ningbo Wanwei comprise of cash of RMB1 million and the Property.

We have discussed with the management of the Company and understand that Ningbo Wanwei was incorporated on 4 July 2023 with a share capital of RMB1 million. As part of the internal reorganisation, the Group proposed, among others, to increase its investment on Ningbo Wanwei by way of increasing its share capital. It was proposed to inject the Property as assets of Ningbo Wanwei and we noted from the relevant application documents that the consideration was RMB46 million for the transfer of ownership of the Property from Ningbo Kwung's to Ningbo Wanwei. We further understand that the abovesaid application of transfer of ownership of the Property had been agreed by relevant government authority in Haishu District, Ningbo City (the "**Government Authority**"). Hence, in November 2023, Ningbo Kwung's, being the shareholder of Ningbo Wanwei, resolved to increase the share capital of Ningbo Wanwei to RMB47 million by injecting the Property at a consideration of RMB46 million.

Furthermore, we understand from the management of the Company that, as part of the share capital increment exercise of Ningbo Wanwei, it was required by the Government Authority to appraise the market value of the Property. As such, Ningbo Kwung's appointed a PRC valuer to undertake the valuation of the Property as at 31 October 2023. We have obtained and reviewed the valuation report and note that the valuation report has been prepared under the Asset Valuation Basic Standards* (資產評估基本準則) as published by the Ministry of Finance of the PRC and the Asset Valuation Practicing Standards* (資產評估執業準則) as published by the China Appraisal Society* (中國資產評估協會). We also understand that the personnel responsible for the valuation of the Property is registered with the China Appraisal Society.

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Based on our review on the valuation report, we note that the valuation of any asset can be broadly classified into one of three approaches, namely the cost approach, the market approach and the income approach. We further understand that, after taking into consideration of specific circumstances of the assessment and similar property surveys, together with conducting on-site inspections, the valuer has adopted the cost approach in appraising the market value of the Property. Under the cost approach, the appraised value of the Property as at 31 October 2023 was approximately RMB44.1 million. Based on the aforesaid, we note that the amount of capital in Ningbo Wanwei contributed by Ningbo Kwung's by injection of the Property in November 2023 (i.e. RMB46 million) represents a slight premium of the market value of the Property as at 31 October 2023 as appraised by the PRC valuer.

In addition, we note that the Company has also appointed an independent Hong Kong valuer (the “**HK Valuer**”) to undertake a valuation on the Property as at 31 October 2023 for the purpose of the Listing Rules. We have reviewed the valuation report and note that the valuation report is prepared in compliance with the requirements under the Listing Rules and in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council. We also understand that the personnel responsible for the valuation of the Property is, among others, a Chartered Surveyor and Registered Valuer with over 17 years of experience in valuation of properties in the PRC. We have also reviewed the HK Valuer's terms of engagement and its scope of work. We understand that the terms of engagement and its scope of work are not uncommon in providing valuation services for properties located in the PRC. Also, during the course of our discussion with the HK Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the basis and assumptions adopted for the valuation. As such, we are satisfied that the HK Valuer is independent and qualified to perform the valuation.

According to the discussion with the HK Valuer, the valuation of any asset can be broadly conducted under one of three approaches, namely the asset-based approach, the market-based approach and the income-based approach. In any valuation analysis, all three approaches must be considered, and the approach deemed most relevant will then be selected for use in the fair value analysis of that asset. As advised by the HK Valuer, the income-based approach is not appropriate as it requires detailed information for the business operation and long-term financial projections, which requires the management's estimation and assumptions with uncertainty. Further, for the industrial property in the PRC, due to the specific purpose for which most of the buildings and structures of the property have been constructed, there are no readily identifiable market comparables and hence market-based approach is also not appropriate. Hence, the HK Valuer has adopted the depreciated replacement cost approach under the asset-based approach in appraising the value of the Property.

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Based on our review on the valuation report, we note the valuation of buildings structures are based on the cost of reproducing new or replacement cost, less allowance for depreciation or loss of value arising from condition, utility, age, wear and tear, and obsolescence. We have enquired with the HK Valuer regarding the depreciation rate and noted that such rate is applied in accordance to the accounting policies of the Group. In respect of the land, we note that the valuation is derived from sale price per unit site area of the comparable lands to the land parcels and adopted a depreciation rate to reflect the remaining years of the land use right of the land parcels.

To further assess the fairness and reasonableness on the assumptions adopted by the HK Valuer, we have reviewed the underlying working papers prepared by the HK Valuer and note that in respect of the land, the average sale price per unit site area is derived from sale prices per unit site area of 3 comparable lands with similar size located in Haishu District, Ningbo City, the PRC as extracted from a website (www.landchina.com). We have performed desktop research and noted that the website is hosted by Ministry of Natural Resources, the PRC. In respect of the building structures, we note from the working papers that the costs of relevant buildings in new conditions are derived with reference to the construction costs per square meter in the third quarter of 2023 for factories buildings in the eastern part of the PRC as published by Rider Levett Bucknall Limited, a third party construction and property consultancy firm. We further note from the working papers that they have assumed the useful life-span of the land and building structures of 50 years in determining the appraised value of the Property which is in accordance to the land use rights of the land in the PRC. In respect of the depreciation rate, we understand from the working papers that the HK Valuer adopted a straight-line basis on depreciations in determining the appraised value of the land and building structures which is in line with the accounting policies of the Group based on our review on the 2022 Annual Report.

Based on the factors above and after our review on the working papers as prepared by the HK Valuer, we consider that the methodologies have been properly applied in the valuation of the Property. We are also of the view that the key assumptions adopted by the HK Valuer in the valuation of Property were fair and reasonable.

Accordingly, the valuation of the Property by the HK Valuer as at 31 October 2023 is approximately RMB42.1 million and the amount of capital in Ningbo Wanwei contributed by Ningbo Kwung's by injection of the Property in November 2023 (i.e. RMB46 million) represents a slight premium of the market value of the Property as at 31 October 2023 as appraised by the HK Valuer.

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After taking into account that (i) the injection of the Property to Ningbo Wanwei as share capital of RMB46 million was approved by the Government Authority; (ii) it is required by the Government Authority to appraise the market value of the Property as part of the share capital increment exercise of Ningbo Wanwei and the appraised value of the Property as at 31 October 2023 is approximately RMB44.1 million under cost approach; (iii) the amount of capital in Ningbo Wanwei contributed by Ningbo Kwung's by injection of the Property in November 2023 (i.e. RMB46 million) represents a slight premium of the market value of the Property as at 31 October 2023 as appraised by (a) the PRC valuer of approximately RMB44.1 million and (b) the HK Valuer of approximately RMB42.1 million, respectively; (iv) the methodologies have been properly applied and the key assumptions adopted by the HK Valuer in the valuation of Property were fair and reasonable; and (v) the consideration as stipulated under the Equity Transfer Agreement is equal to the paid up capital as well as the net assets of Ningbo Wanwei, which consists of cash of RMB1 million and the Property of RMB46 million, we therefore concur with the view of the Directors that the consideration of the Equity Transfer Agreement is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

5. FINANCIAL EFFECTS ON THE DISPOSAL

Revenue

Upon the completion of the Disposal, Ningbo Wanwei will cease to be a subsidiary of the Company and the financial results of the Ningbo Wanwei will cease to be consolidated into the consolidated financial statements of the Group. As discussed above, as certain part of the Property has been used for rental purposes, it is expected that upon the completion of the Disposal, the Group will no longer generate the rental income from the Property. For the FY2022, rental income generated from the Property amounted to approximately RMB1.7 million which was approximately 0.2% to the total revenue of the Group for the FY2022 while the net rental income (after deduction of expenses) was approximately RMB0.8 million, which represented approximately 1.6% to the net profit attributable to owners of the Company for the FY2022. As such, the Directors are of the view that the loss of rental income resulted from the Disposal will not have any material negative impact on the financial performance of the Group.

Gain on the Disposal and earnings

Upon the completion of the Disposal, Ningbo Wanwei will cease to be a subsidiary of the Company and the financial results of the Ningbo Wanwei will cease to be consolidated into the consolidated financial statements of the Group. It is expected that the Group will not record any earnings generated from rental income of the Property. However, upon the completion of the Disposal, it is expected that the Group would recognise a gain of approximately RMB21.7 million which is calculated on the basis of the difference between the total consideration of the Disposal (after deduction of the RMB1 million cash held by Ningbo Wanwei) and the initial costs of the Property (after deduction of accumulated depreciation and maintenance costs), which in turn may bring positive impact on the

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earnings of the Group and thereby enhancing the overall quality and efficiency of the operating assets of the Group.

The Independent Shareholders should note that the above analysis are for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial performance or position of the Group upon the completion of the Disposal. The actual gain to be recorded by the Group is subject to the review and final audit by the auditor of the Group.

RECOMMENDATIONS

Having taken into account the above-mentioned principal factors and reasons, we are of the view that despite the Disposal is not conducted in the ordinary and usual course of business of the Group, the Disposal is in the interest of the Company and the Shareholders as a whole and the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions in relation to the Equity Transfer Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Goldlink Capital (Corporate Finance) Limited
Vincent Cheung
Managing Director

Mr. Vincent Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Goldlink Capital (Corporate Finance) Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 31 October 2023 of all property interests of the Group.



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30 January 2024

Kwung's Holdings Limited

Unit 1102, 11th Floor
Brill Plaza
No. 84 To Kwa Wan Road
To Kwa Wan, Kowloon
Hong Kong

Dear Sir/Madam,

Re: Valuation of an industrial complex located in the no. 827 Qixiang Road, Xuejia Village, Gulin Town, Haishu District, NingBo, Zhejiang Province, the People's Republic of China

In accordance with your instructions for us to value the property held by Kwung's Holdings Limited (the "Company") and/or its subsidiaries (together with the Company referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property as at 31 October 2023 for the circular reference purpose.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned properties which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

There are three generally accepted approaches to obtain the market value of the Property, namely the Market Approach, Income Approach and Depreciated Replacement Cost Approach.

Market Approach

The market approach provides an indication of value by comparing the property with identical or comparable (that is similar) assets for which price information is available. However, the nature of particular property means that it is often not possible to find market evidence of transactions involving identical or similar property.

Income Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of property is determined by reference to the value of income, cash flow or cost savings generated by the property. The income approach is not appropriate in the circumstances, due to the significant uncertainty regarding the amount and timing of future income-related to the property.

The Depreciated Replacement Cost Approach (“DRC”)

In practice, for the industrial property in the PRC, due to the specific purpose for which most of the buildings and structures of the property have been constructed, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The DRC approach is based on an estimate of the market value for the existing use of the land, we applied the sale price per unit site area of the comparable lands to the land parcels and adopted a depreciation rate to reflect the remaining years of the land use right of the land parcels, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

3. TITLE INVESTIGATION

For the property in the PRC, we have been provided with copies of extracts of various title documents relating to the property. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group’s PRC legal advisor, L&H (Ningbo) Law Firm (浙江六和(寧波)律師事務所) regarding the title of the property in the PRC. All documents have been used for reference only.

In valuing the property, we have relied on the advice given by the Group and its PRC legal advisor that the Group has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/ purchase consideration payable have been fully settled.

4. VALUATION CONSIDERATION AND ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the Valuation Certificate is based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Our valuations are prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

6. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (RMB).

Our Valuation Certificate is attached.

INDEPENDENT CLAUSE

We are independent from the Company and its subsidiaries (collectively, the “**Group**”) and their respective directors and controlling shareholders and that we do not have any direct or indirect material interest in the securities or assets of the Group, its connected persons, or any associate of the Group.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Frank F. Wong
BA (Business Admin in Acct/Econ) MSc (Real Est)
MRICS Registered Valuer MAusIMM ACIPHE
Director, Head of Property and Asset Valuation

Note: Mr. Frank F. Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 25 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 17 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan.

VALUATION CERTIFICATE

Property held by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 October 2023										
1.	An industrial complex located at no. 827 Qixiang Road, Xuejia Village, Gulin Town, Haishu District, NingBo City, ZheJiang Province, the PRC 中國浙江省寧波市海曙區古林鎮薛家村氣象路827號工業綜合體	<p>The property comprises a parcel of land with a total site area of approximately 11,743.60 sq.m., with various buildings and structures erected thereon. Buildings were completed in 2003 and 2009 which are 20 years and 14 years respectively.</p> <p>The property has a total gross floor area (“GFA”) of about 15,637.25 sq.m. The GFA breakdown of the respective portions of the Property is as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Items</th> <th style="text-align: right;">GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Workshop 1</td> <td style="text-align: right;">7,117.47</td> </tr> <tr> <td>Workshop 2</td> <td style="text-align: right;">6,572.07</td> </tr> <tr> <td>Temporary workshop</td> <td style="text-align: right;">1,947.71</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>15,637.25</u></td> </tr> </tbody> </table>	Items	GFA (sq.m.)	Workshop 1	7,117.47	Workshop 2	6,572.07	Temporary workshop	1,947.71	Total	<u>15,637.25</u>	Part of the property with GFA 7,104.6 sq.m. were tenanted to various tenants and the remaining part of the property as owner occupied for industrial use as at the date of valuation. For the details of the tenanted portions of the Property, please refer to the Notes 3.	RMB42,070,000
Items	GFA (sq.m.)													
Workshop 1	7,117.47													
Workshop 2	6,572.07													
Temporary workshop	1,947.71													
Total	<u>15,637.25</u>													

The land use rights of the property have been granted for a term expiring on 16 October 2051 for industrial use.

Notes:

- Pursuant to a Real Estate Title Certificate, Zhe (2023) Ning Bo Shi Hai Shu Bu Dong Chan Quan Di No.0270704, issued by the Land and Resources Bureau of Ningbo on 7 December 2023, the land use rights of the property with a site area of approximately 11,743.60 sq.m. and a GFA of 13,689.54 sq.m. have been granted to Ningbo Wanwei Crafts Manufacturing Co., Ltd. (寧波萬維工藝品製造有限公司) (“Ningbo Wanwei Crafts”), is a wholly-owned subsidiary of the Company, for a term expiring on 16 October 2051 for industrial use.

2. In the valuation of this property, we have attributed no commercial value to the buildings with a total GFA of approximately 1,947.71 sq.m. which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the DRC of the buildings and structures (excluding the land) as at the date of valuation would be RMB5,890,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
3. For the details of the leased portions of the Property is as follow:

No.	Leased GFA (sq.m.)	Commencing Date	Expiry Date	Rental as at the valuation Date
1.	444	20 November 2021	19 November 2024	RMB13,764.00 per month
2.	4,388	16 September 2020	15 September 2025	RMB57,658.30 per half year
3.	2,190	1 April 2021	31 March 2026	RMB279,772.50 per half a year

4. The property has been valued by DRC approach of the property. By this approach, the land portion and building portion of the property are valued separately and the determined DRC of the property represents the necessary costs to be incurred for replicating the property, including the costs for acquiring the land parcel of same size permitted for industrial use and the construction costs for completing all existing buildings and structures erected thereon. For land value of the property, we have identified and considered the following formed, levelled and vacant land parcels designated for industrial uses situated in Haishu District, Ningbo City that have been sold by the Government through open bidding closed to the Date of Valuation:

- Land parcel situated at Haishu District, Ningbo City (寧波市海曙區) with a land area of 28,656 sq.m. transacted on 22 December 2023 at a consideration of RMB40,118,400 @ unit rate of RMB1,400. The permitted use of the land parcel is for industrial uses.
- Land parcel situated at Gulin Town, Haishu District, Ningbo City (寧波市海曙區古林鎮) with a land area of 16,118 sq.m. transacted on 29 November 2023 at a consideration of RMB22,565,200 @ unit rate of RMB1,400. The permitted use of the land parcel is for industrial uses.
- Land parcel situated at Gulin Town, Haishu District, Ningbo City (寧波市海曙區古林鎮) with a land area of 9,821 sq.m. transacted on 2 September 2022 at a consideration of RMB13,749,400 @ unit rate of RMB1,400. The permitted use of the land parcel is for industrial uses.

In view of the high similarity of the comparable properties in term of location (all of them are in the vicinity to the subject property), accessibility (the regions in which the comparable properties are located are well served by transportation infrastructures and highway networks), industrial complex features and permitted use, we have taken the average of their unit land price and considered the remaining on land use rights factor (being the adjusted unit rate of RMB1,190/sq.m.) to come up with the market value of the property. In view of the remaining term of land use right of the property compare to the new granted land, we have allowed for approximate 15% discount of the land unit rate for the property.

For building value of the property, we adopted RMB3,350 unit cost from 3rd Quarter 2023 Prices of Quarterly Construction Cost Update for construction of median grade industrial complex in the PRC and is considered to be reasonable to be adopted as the replacement costs of the buildings as new. Adjustments including depreciation rate in range of discount 10%-45% on useful life of the buildings were applied to account for the wear and tear to the property.

The calculation details of the market value of the property was illustrated as follows:

RMB

Market Value:

Land Area 11,743.6 sqm, adopted the adjusted unit rate @1,190	13,975,688
Building with Certificate 13,689.54 sqm, adopted the adjusted unit rate @2,052	28,093,636
Market Value of the property (rounded)	42,070,000

Reference value:

Building without Certificate 1,947.71 sqm, adopted the adjusted unit rate @3,026	5,894,686
Reference value of the property (rounded)	5,890,000

Note: The totals may not sum up due to rounding

Our valuation does not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business. Therefore, the DRC approach may be used as a substitute for valuing the buildings and structures of the property.

5. The site inspection was performed by Mr. Frank F. Wong, MRICS Registered Valuer, in January 2024.
6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:
 - a. Ningbo Wanwei Crafts is the legal owner of the property and has right to occupy, use, transfer, donate, lease or otherwise dispose of the property with legal protection under the PRC law;
 - b. The temporary workshop construction project with GFA of 1,947.71 sq.m. has obtained the Construction Project Planning License No. 330203201700075 dated 15 November 2017 valid for two years. It was extended to 20 May 2022. The license was expired as at date of valuation. According to the provisions of the "Urban and Rural Planning Law of China", the temporary workshop would be liable of a fine or demolished by the local government if license expired; and
 - c. The property has not been mortgaged, seized, restricted by the administrative department or other registered information.

1. RESPONSIBILITY OF THE DIRECTORS

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 document 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 document misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions, by Directors of Listed Issuers contained in the Listing Rules (“**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name	Capacity	Number of Shares Interested ⁽¹⁾	Approximate percentage of issued share capital of the Company
JIN Jianxin ⁽²⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	239,766,000 (L)	59.20%

Notes:

- The letter “L” denotes the person’s long position in the Shares.
- 239,766,000 Shares of the Company, representing approximately 59.20% 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.

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDER

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following corporations/persons (other than Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity	Number of Shares Interested ⁽¹⁾	Approximate percentage of issued share capital of the Company
Golden Element Investment Limited	Beneficial owner	239,766,000 (L)	59.20%
Golden Existence Investment Limited	Interest of controlled corporation	239,766,000 (L)	59.20%
Equiom Fiduciary Services (Hong Kong) Limited	Trustee	239,766,000 (L)	59.20%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- 239,766,000 Shares of the Company, representing approximately 59.20% 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.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

None of the Directors is a director or employee of the substantial shareholders of the Company.

4. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since the date to which the latest published audited accounts for the financial year ended 31 December 2022 of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTEREST IN THE GROUP'S ASSETS

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as referred to in Paragraph 40 of the Appendix D1B of the Listing Rules.

As at the Latest Practicable Date, none of the Directors had any material interest in any contract or arrangement which was subsisting and significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them (or his/her respective close associates) had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinion or advice, which are contained or referred to in this Circular:

Name	Qualification
Goldlink Capital (Corporate Finance) Limited	A licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for the purpose of the SFO
Roma Appraisals Limited	Independent valuer

Goldlink Capital (Corporate Finance) Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter dated 30 January 2024 and references to its name, in the form and context in which it is included.

Roma Appraisals Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its Valuation Report dated 30 January 2024 and references to its name, in the form and context in which it is included.

As at the Latest Practicable Date, Goldlink Capital (Corporate Finance) Limited and Roma Appraisals Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which have, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit 1102, 11th Floor Brill Plaza, No. 84 To Kwa Wan Road To Kwa Wan, Kowloon Hong Kong.

- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Mr. LAU Chung Wai (FCPA (Practising)).
- (d) This Circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

Electronic copies of the following documents are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.kwungs.com/>) for a period of 14 days from the date of this Circular (both days inclusive):

- (a) Equity Transfer Agreement.

NOTICE OF EGM

KWUNG'S HOLDINGS LIMITED

曠世控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1925)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Kwung’s Holdings Limited (the “**Company**”) will be held at 827 Qixiang Road, Ningbo City, Zhejiang Province, PRC on 20 February 2024, Tuesday at 9:00 a.m., for the following purposes:

ORDINARY RESOLUTION(S)

To consider and, if thought fit, pass the following resolutions(s) (with or without modifications) as ordinary resolution(s) of the Company:

1. **“THAT**

- (a) the Equity Transfer Agreement (as defined in the circular of the Company dated 30 January 2024 (the “**Circular**”), the terms and the transactions contemplated thereunder (a copy of the agreement has been produced to the meeting and marked “A” and initialed by the chairperson of the meeting for the purposes of identification) be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Equity Transfer Agreement or the transactions contemplated thereunder.”

On behalf of the Board
JIN Jianxin
Chairperson

Hong Kong, 30 January 2024

Notes:

- 1. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or, if he is holder of more than one Share, more proxies to attend and vote instead of him. A proxy need not be a Shareholder of the Company.
- 2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the branch share registrar of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof).

NOTICE OF EGM

3. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and deposit the same with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.
4. The register of members of the Company will be closed from 15 February 2024, Thursday to 20 February 2024, Tuesday (both days inclusive), during which period no transfer of shares in the Company will be registered, for the purpose of determining the identity of the shareholders entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM to be held on 20 February 2024, Tuesday, all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 14 February 2024, Wednesday. Shareholders whose names are recorded in the register of members of the Company on 20 February 2024, Tuesday are entitled to attend and vote at the EGM.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

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