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Kwong Luen Engineering Holdings Limited

廣聯工程控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1413)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE SUBSCRIPTION OF REGISTERED CAPITAL OF TARGET COMPANY

This announcement is made by Kwong Luen Engineering Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide updates on the Group’s business development to the Company’s shareholders (the “**Shareholders**”) and potential investors.

MEMORANDUM OF UNDERSTANDING

On 6 March 2024, Xiamen Guanglian Dongbao Culture Company Limited* (廈門廣聯東寶文化有限公司), a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Hunan Mangguo Yunbo Culture Media Company Limited* (湖南芒果雲播文化傳媒有限公司) (the “**Target Company**”), a company incorporated in the People’s Republic of China (the “**PRC**”), pursuant to which the Company intends to subscribe for RMB6,000,000 of the registered capital of the Target Company (the “**Possible Subscription**”) and will ultimately own 60% of the registered capital of the Target Company.

About the Target Company

Hunan Mangguo Yunbo Culture Media Company Limited* (湖南芒果雲播文化傳媒有限公司), the Target Company, is a company established in the PRC and has not engaged in any business. The Target Company intends to engaged in the production of short video programs, advertising, marketing strategic services and the planning and coordination of culture activities, sports and entertainments. The Target Company intends to produce short videos in the PRC through social media.

To the best knowledge, information and belief of the directors of the Company (the “**Directors**”), having made reasonable enquiries, each of the Target Company and the existing shareholders of the Target Company are third parties independent of and not connected with the Company and its connected persons (as defined in the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Due diligence

Upon the signing of the MOU, the Company shall conduct due diligence on the finances and conditions of the Target Company as it may consider appropriate.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

The Group is principally engaged in the provision of construction services in Hong Kong.

The industry of short video in the PRC has grown exponentially in the past few years and users have been spending more time in watching and producing content. Short videos have become a staple marketing tool by commercial brands to expand their market size and targeting PRC audiences. The Company recognizes the potential of the short video market and would like to capture the opportunities and expand into the PRC market.

The Directors consider that the entering into the MOU is in the interest of the Group and its Shareholders as a whole as the transactions contemplated under the MOU, if materialized, are expected to expand the income stream of the Group by entering into the media industry in the PRC. Accordingly, the Board is of the view that the entering into of the MOU is in the interest of the Group and the Shareholders as a whole.

NATURE OF MOU

The MOU does not constitute any legally binding commitment in respect of the Possible Subscription. The Possible Subscription is subject to the negotiation and execution of the formal agreement(s) between the relevant parties, if any.

GENERAL

Further announcement(s) in relation to the Possible Subscription will be made by the Company as and when appropriate in compliance with the Listing Rules.

The Board wishes to emphasise that the Possible Subscription contemplated under the MOU may or may not proceed and that the parties have not entered into a legally binding agreement in relation to the transaction contemplated under the MOU as at the date of this announcement. In the event that any legally binding definitive agreement is agreed or signed, further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate. As the Possible Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Kwong Luen Engineering Holdings Limited
Yip Kwong Cheung
Chairman

Hong Kong, 6 March 2024

As at the date of this announcement, the executive directors are Mr. YIP Kwong Cheung, Mr. LIN Rida, Mr. BU Lei and Ms. LUO Tingting; and the independent non-executive directors are Ms. CHENG Shing Yan, Mr. WONG Yiu Kit Ernest and Mr. TANG Man Joe.

** for identification only*