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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)

**ANNOUNCEMENT OF RESULTS FOR
THE SIX MONTHS ENDED 30 JUNE 2022**

The Board hereby announces the unaudited interim results of the Group for the six months ended 30 June 2022.

	Six months ended 30 June		Change
	2022	2021	
	RMB'000	RMB'000	
Revenue	364,748	242,781	50.2%
Gross profit	65,760	51,672	27.3%
Gross profit margin	18.0%	21.3%	(3.3%)
Total comprehensive income attributable to owners of the Company	20,244	15,278	32.5%
Earnings per share (basic and diluted) (expressed in RMB cents)	5.0	3.8	32.5%
Dividend declared in respect of the period	–	–	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND RECENT DEVELOPMENT

In the first half of 2022, the world economy was still struggling under the phantom of the COVID-19 pandemic. However, under the general environment of effective prevention and control policies adopted by the PRC government, the Group took the initiative to make professional market judgment, upgrade technology and increase production capacity. Meanwhile, we continuously consolidated our traditional core advantages in self-dependent research and development, design and supply chain, maintained close contacts with loyal customers, suppliers and other business partners and also achieved remarkable increase in securing high-quality new customers. All these factors guaranteed our progress in the home fragrance market against the tide and achieved stable recovery in operating results.

The Group devoted long-term commitment to the research and development and production of products with fragrance candles and fragrance diffusers as core products and the provision of products and services to prominent design manufacturers and suppliers of innovative home products and home decoration products, so as to promote home fragrance products and innovative home products to be widely used in daily life and constantly improve consumers' life quality and spiritual needs.

The Group's products are mainly sold to overseas markets in more than 20 countries and regions, including France, the United Kingdom, the Netherlands, Germany, Canada and Australia. While guaranteeing the continuous increase in overseas order value and order intake, we have actively explored the domestic market and effectively expanded to emerging markets in echoing the call of the PRC government since 2022 on "dual-circulation with both domestic and international development".

The Group committed long-term focus on its principal businesses with fragrance candles and fragrance diffusers remained its core products. On this basis, we made continuous innovations in product categories and enhanced the loyalty of customers and consumers with more diversified product advantages, continuously enhancing product popularity and reputation as well as brand influence.

In analysing the results for the first half year, the Group believed, in terms of professional market judgment, we targeted at the imminent blue sea potential for the domestic fragrance market and continued to enhance our research and development and promotion capabilities. At the same time, we increasingly improved the market influence of the high-end brand "FUMARE" and the medium-end brand "BIRDTALK", expanded the market through e-commerce channel and intensified investments in new media platforms to occupy the market with operation systems of intelligent services and new retail models.

In terms of technology upgrade, we have accurately grasped the trend of significant prolongation of consumers staying at home and invested in the intelligent transformation of production lines with deep integration of modularisation, informationisation and mechanisation since the outbreak of the COVID-19 pandemic in 2020. The new production lines have achieved immediate breakthroughs in low-temperature production and stability of fragrance candles after being put into operation, making it the first fragrance candles manufacturer embracing flexible manufacturing and further satisfying the personalised demand and order structure of customers.

In terms of production capacity expansion, on the basis of having our own manufacturing bases as well as stable suppliers of raw materials and consumables (contract manufacturers) to form an already complete system of supply chain, to increase the production capability further, on 1 August 2022, Anhui Fenyuan Aromatic Technology Company Limited (安徽芬緣芳香科技有限公司), a wholly owned subsidiary of the Company, has successfully won the bid for the land use rights of the land in Sanshan Economic Development Zone (三山經濟開發區), Wuhu City, Anhui Province, the PRC. We believed that Wuhu's positioning as a key transportation hub in the Yangtze River Delta Economic Region and a national transportation hub in the PRC is favourable to the logistics arrangement of the Group's sales of products. In addition, the local government of Wuhu City offers support in the form of fiscal subsidies to the Group's newly established manufacturing operation, which would bring positive effect to the Group's financial conditions and results of operations.

In summarising the above, benefiting from the outstanding management and pandemic control in the PRC as well as our own efforts, the Group steadily expanded the market share of its businesses despite the COVID-19 pandemic. While ensuring an increase of nearly 5% in the cost of materials, our gross profit margin only has a mere decrease of 3.3% in and earnings per share increased by 32.5%.

In the second half year, while continuing to maintain the aforementioned advantages, we will focus on the organisation of talent cultivation, pipeline and brand building and the research and development of core technologies, continue to vigorously expand the domestic market, consolidate the traditional markets in Europe and other countries and regions and tap into the yet to develop markets in USA and other countries and regions to ensure the long-term, stable and outstanding development trend.

FINANCIAL REVIEW

Revenue

The Group's revenue mainly arises from the export sales of the Group's candles products, home fragrance products and home accessories during the six months ended 30 June 2022. It increased by approximately RMB122.0 million or approximately 50.2% to approximately RMB364.7 million for the six months ended 30 June 2022 from approximately RMB242.8 million for the six months ended 30 June 2021.

During the six months ended 30 June 2022, RMB depreciated against USD and it was favourable for the Group's export business as the overseas customers enjoyed a lower cost for purchasing in the PRC. Under such favourable business environment, the Group has put extra effort in product development, brand building and customer relationship management to penetrate into the existing market, resulting in an increase in sales during the current period. In addition, some of the manufacturers in countries in Southeast Asia region, being the Group's competitors, have closed down their businesses, causing the Group's existing customers to increasingly rely on the Group in supplying products as original design manufacturer of candle products, home fragrance products and home decoration products.

Gross profit and gross profit margin

The Group's gross profit increased by approximately RMB14.1 million or 27.3% to approximately RMB65.8 million for the six months ended 30 June 2022 from approximately RMB51.7 million for the six months ended 30 June 2021. Such increase in the gross profit was mainly due to the increase in the Group's sales volume for the six months ended 30 June 2022.

The Group recorded a decrease in gross profit margin despite an increase in sales volume for the six months ended 30 June 2022. The gross profit margin decreased to approximately 18.0% for the six months ended 30 June 2022 from approximately 21.3% for the six months ended 30 June 2021. Such decrease was mainly attributed by the increase in cost of raw materials and the increase in delivery costs. In addition, the uncertainty on the global economy caused a drop in selling prices of the Group's products as requested by the customers.

Other income

The Group's other income mainly represents income from government grants in the PRC and rental income for leasing a warehouse in Ningbo City, Zhejiang Province, the PRC, to an independent third party. The other income increased by approximately RMB2.3 million or 132.0% to approximately RMB4.1 million for the six months ended 30 June 2022 from approximately RMB1.8 million for the six months ended 30 June 2021. Increase in other income during the current period was mainly due to more government granted received during the current period.

Administrative expenses

The Group's administrative expenses mainly comprise payroll costs for the management team and supporting staff, costs of raw materials consumed for research and development purpose, depreciation expenses in relation to the Group's office buildings and office equipment and cost of utilities for office use.

The administrative expenses increased by approximately RMB6.6 million or 25.6% to approximately RMB32.4 million for the six months ended 30 June 2022 from approximately RMB25.8 million for the six months ended 30 June 2021. Increase in administrative expenses was mainly due to the additional supporting functions needed for the newly set up production plants in Wuhu City, Anhui Province, the PRC during the current period, as well as the expansion of the existing supporting teams in response to the organic growth of the Group's business.

Selling and marketing expenses

The Group's selling and marketing expenses mainly comprise payroll costs for staff in the sales departments, sample inspection and delivery costs, commissions to agents, advertising and promotion expenses and operating costs for the Group's retail stores.

There was an increase in selling and marketing expenses of approximately RMB4.9 million or 46.0% to approximately RMB15.7 million for the six months ended 30 June 2022 from approximately RMB10.7 million for the six months ended 30 June 2021. Increase in the Group's selling and marketing expenses for the current period was mainly due to more advertising and promotion costs arranged for promoting the domestic retail business in the PRC market.

Other gains, net

The Group's other gains mainly comprise net foreign exchange differences and net gains on forward contracts.

The Group's receivables from customers are the major assets that are denominated in foreign currencies, mainly USD. The Group arranges forward contracts, mainly RMB against USD, to reduce the Group's exposure on foreign currency risk. The Group would experience foreign exchange losses when USD depreciates against RMB while such losses will be partially offset by the gain on forward contracts, and vice versa.

There has been appreciation of USD against RMB during the six months ended 30 June 2022, resulting in foreign exchange gains, which was partially offset by the loss on forward contracts.

Finance income and finance costs

The Group's finance income represents the interest income earned from financial institutions and the Group's finance costs comprise the interests charged on bank loans and interest expense component on the operating lease arrangement in relation to the Group's leased production facilities and retail stores.

The Group arranged more bank loans for the six months ended 30 June 2022, resulting in a net finance costs as compared to the net finance income for the six months ended 30 June 2021.

Income tax expenses

The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

There was an increase in the Group's income tax expenses by approximately RMB2.2 million or 69.7% to approximately RMB5.3 million for the six months ended 30 June 2022 from approximately RMB3.1 million for the six months ended 30 June 2021. Such increase was mainly due to the increase in the Group's profit before tax for the six months ended 30 June 2022.

The overall effective tax rate of the Group increased from approximately 17.1% for the six months ended 30 June 2021 to approximately 20.8% for the six months ended 30 June 2022. Such increase was mainly because there were certain unrecognised tax losses for the Hong Kong subsidiary to offset with assessable profits arisen during the six months ended 30 June 2021.

Property, plant and equipment

The Group's property, plant and equipment mainly comprise net carrying amounts of the office building, production plants, machinery and the corresponding capitalised renovation costs. There was a slight increase in the net carrying amounts of the Group's property, plant and equipment by approximately RMB1.6 million during the six months ended 30 June 2022, which was mainly due to the net impact of the new equipment purchased for the production facilities in Wuhu City, Anhui Province, the PRC and the depreciation charge for the six months ended 30 June 2022.

Right-of-use assets

The Group's right-of-use assets comprise net carrying amounts of the prepaid land use rights for the lands used by the Group's office building and production plants, and also the net carrying amounts of the properties leased by the Group.

There was a slight decrease in the net carrying amounts of the Group's right-of-use assets by approximately RMB0.5 million during the six months ended 30 June 2022, which was mainly due to the net impact of the newly recognised assets for the newly leased production facilities in Wuhu City, Anhui Province, the PRC and the amortisation charge for the period.

Inventories

The Group's inventory balance comprises raw materials, work in progress and finished goods for the Group's candle products, home fragrance products and home accessories products. There was an increase in the Group's inventory balance by approximately RMB3.2 million or 3.6% to approximately RMB92.8 million as at 30 June 2022 from approximately RMB89.6 million as at 31 December 2021 which was mainly due to the increased stock level of raw materials for upcoming production plans in the third quarter of 2022.

Trade receivables

Trade receivables balance as at 30 June 2022 mainly represented the outstanding balance from the Group's overseas customers. There was an increase in trade receivables balance before allowance for impairment of approximately RMB19.6 million or 13.0% from approximately RMB150.9 million as at 31 December 2021 to approximately RMB170.5 million as at 30 June 2022. The increase in the Group's trade receivables balance was mainly due to the organic growth of purchase orders from the Group's existing overseas customers.

Most of the Group's trade receivables balance were aged within 180 days. The Group experienced limited bad debt issues over the years and a small provision for impairment of trade receivables of approximately RMB5.9 million was recorded as at 30 June 2022, which is calculated based on the expected credit loss percentage for the aged trade receivables balance.

Prepayments, deposits and other receivables

The balance of prepayments, deposits and other receivables comprises mainly advances to suppliers and recoverable value-added tax.

The balance remained at similar level as at 30 June 2022 as compared to the balance as at 31 December 2021.

Financial assets/liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss as at 30 June 2022 represented the foreign currency forward agreements entered into with commercial banks in respect of the exchange rate of RMB against USD. Depreciation of RMB against USD would increase liability amount of the forward agreement and vice versa and such financial instruments are arranged to reduce the Group's exposure to the financial risk arising from the purchase orders from overseas customers which are mainly denominated in USD.

Cash and cash equivalents

The balance of cash and cash equivalents as at 30 June 2022 comprised cash deposited into financial institutions in the PRC and Hong Kong.

The Group maintained a higher level of cash and bank balance as at 30 June 2022, increasing from approximately RMB199.7 million as at 31 December 2021 to approximately RMB 248.4 million as at 30 June 2022 through bank borrowings and operating cash inflows, for the upcoming construction plans in Wuhu City, Anhui Province, the PRC.

Trade and other payables

The balance of trade and other payables comprises mainly payables to suppliers of raw materials and payroll payables to the Group's employees.

There was an increase in balance of approximately RMB19.6 million from approximately RMB78.1 million as at 31 December 2021 to approximately RMB97.7 million as at 30 June 2022. Such increase mainly arose from the purchase of more raw materials in June 2022 for the upcoming production plans in the third quarter of 2022.

Lease liabilities

The balance of lease liabilities represents the present value of future lease payments in respect of office premises and production plants leased by the Group.

Borrowings

The Group had debt financing through bank borrowings for raising general working capital of the Group. Certain bank borrowings of the Group are short-term term loans arranged with the banks in the PRC while some bank borrowings of the Group are related to the bank acceptance bills discounted with banks in the PRC.

More borrowings were arranged during the six months ended 30 June 2022 for additional general working capital which is in line with the organic growth of the Group's existing business.

FINANCIAL INFORMATION

Interim condensed consolidated statement of comprehensive income

Six months ended 30 June 2022

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	364,748	242,781
Cost of sales		(298,988)	(191,109)
Gross profit		65,760	51,672
Administrative expenses		(32,430)	(25,827)
Selling and marketing expenses		(15,663)	(10,730)
Net impairment losses on financial assets		(1,837)	(1,549)
Other income		4,712	1,765
Other gains, net		5,231	2,794
Operating profit		25,773	18,125
Finance income		617	399
Finance costs		(817)	(134)
Finance income/(costs), net		(200)	265
Profit before income tax		25,573	18,390
Income tax expenses	4	(5,329)	(3,140)
Profit for the period		20,244	15,250
Profit for the period attributable to:			
Owners of the Company		20,407	15,305
Non-controlling interests		(163)	(55)

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Other comprehensive income:			
Items that maybe reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		<u>(237)</u>	<u>(34)</u>
Total comprehensive income for the period		<u>20,007</u>	<u>15,216</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>20,217</u>	<u>15,278</u>
Non-controlling interests		<u>(210)</u>	<u>(62)</u>
Earnings per share for profit attributable to owners of the Company – Basis and diluted (expressed in RMB cents)	6	<u>5.0</u>	<u>3.8</u>

Interim condensed consolidated statement of financial position

As at 30 June 2022

		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		47,568	46,015
Investment properties		7,765	7,913
Right-of-use assets		9,269	9,812
Intangible assets		4,566	4,371
Deferred income tax assets		1,345	388
		<hr/>	<hr/>
Total non-current assets		70,513	68,499
Current assets			
Inventories		92,826	89,639
Trade receivables	7	164,503	146,729
Prepayments, deposits and other receivables		33,960	32,458
Financial assets at fair value through profit or loss		–	2,408
Other current assets		25,000	7,013
Cash and cash equivalents		248,428	199,742
		<hr/>	<hr/>
Total current assets		564,717	477,989
		<hr/>	<hr/>
Total assets		635,230	546,488
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	8	359	359
Share premium	8	249,653	249,653
Other reserves		(26,338)	(26,148)
Retained earnings		170,749	150,342
		<hr/>	<hr/>
		394,423	374,206
Non-controlling interests		364	574
		<hr/>	<hr/>
Total equity		394,787	374,780
		<hr/>	<hr/>

		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	9	97,717	78,068
Borrowings		122,327	80,000
Contract liabilities		8,246	4,955
Current income tax liabilities		7,682	5,622
Lease liabilities		2,051	2,544
Financial liabilities at fair value through profit or loss		2,202	278
		<hr/>	<hr/>
Total current liabilities		240,225	171,467
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities		218	241
		<hr/>	<hr/>
Total liabilities		240,443	171,708
		<hr/>	<hr/>
Total equity and liabilities		635,230	546,488
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

3. REVENUE

Revenue mainly comprises of proceeds from selling goods. An analysis of the Group's revenue by category for the six months ended 30 June 2021 and 30 June 2022 is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from customers		
Candles	251,742	152,650
Home fragrance	63,982	45,221
Home accessories	49,024	44,910
	<u>364,748</u>	<u>242,781</u>

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax – PRC	6,286	3,621
Deferred income tax – PRC	(957)	(481)
	<u>5,329</u>	<u>3,140</u>

5. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2021 and 30 June 2022.

6. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted number of ordinary shares deemed to be in issue during the six months ended 30 June 2021 and 30 June 2022, respectively. The weighted average number of ordinary shares had been retrospectively adjusted for the effects of capitalisation issue on 13 January 2021.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (expressed in RMB'000)	20,415	15,305
Weighted average number of ordinary shares in issue (expressed in thousand)	<u>405,042</u>	<u>405,042</u>
Basic earnings per share for profit attributable to the owners of the Company (expressed in RMB cents per share)	<u>5.0</u>	<u>3.8</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the six months ended 30 June 2021 and 30 June 2022, the diluted earnings per share is equal to basic earnings per share, as there were no instruments outstanding that could have a dilutive effect on the Company's ordinary shares.

7. TRADE RECEIVABLES

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Trade receivables	170,451	150,854
Less: allowance for impairment of trade receivables	<u>(5,948)</u>	<u>(4,125)</u>
Trade receivables – net	<u>164,503</u>	<u>146,729</u>

Trade receivables all arise from sales of goods.

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 30 days	74,414	48,710
Over 30 days and within 180 days	87,885	94,201
Over 180 days and within one year	1,971	4,188
Over one year and within two years	2,579	2,397
Over two years	3,602	1,358
	<u>170,451</u>	<u>150,854</u>

8. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares issued and fully paid:

	Number of ordinary shares	Nominal value of share capital <i>HK\$</i>	Equivalent nominal value of share capital <i>RMB</i>	Share premium <i>RMB'000</i>
At 1 January 2022 and at 30 June 2022	<u>405,042,000</u>	<u>405,042</u>	<u>358,767</u>	<u>249,653</u>

9. TRADE AND OTHER PAYABLES

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Trade payables	87,028	63,276
Other payables	6,411	6,027
Staff salaries and welfare payables	2,831	6,977
Accrued taxes other than income tax	1,447	1,788
	<u>97,717</u>	<u>78,068</u>

Ageing analysis of trade payables to third parties and related parties based on invoice date at the respective year end dates was as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within one year	86,678	62,928
Over one year and within two years	254	297
Over two years	96	51
	<u>87,028</u>	<u>63,276</u>

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of the subsidiaries of the Company purchased, redeemed or sold the listed securities of the Company during the six months ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the "CG Code"). Save as disclosed below, the Company has complied with the CG Code throughout the six months ended 30 June 2022.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive and Mr. JIN Jianxin ("Mr. JIN") currently performs these two roles. Throughout the Group's business history, Mr. JIN, being a founder of the Group and a controlling shareholder of the Company, has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of the business and operations of the Group since its establishment.

Taking into account the consistent leadership within the Group, the Board believes that it is in the best interests of the Group and the shareholders of the Company as a whole to have Mr. JIN taking up both roles for effective and efficient overall strategic planning and continuation of the implementation of such plans for the Group. The Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2022.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022 including the accounting principles and practices adopted by the Group.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China and, except where the context requires and only for the purpose of this announcement, references to China do not include Taiwan, the Hong Kong Special Administrative Region of the People’s Republic of China or the Macao Special Administrative Region of the People’s Republic of China
“Company”	Kwung’s Holdings Limited
“COVID-19”	The novel coronavirus disease 2019
“Director(s)”	director(s) of the Company
“Group”, “our Group”, “we”, “our” or “us”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing”	listing of Shares on Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“USD”

United States dollars, the lawful currency of the United States

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

Hong Kong, 31 August 2022

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