KWUNG'S AROMA HOLDINGS LIMITED
曠世芳香控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1925)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board hereby announces the unaudited interim results of the Group for the six months ended 30 June 2026.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2026	2025	**Change**
	RMB'000	*RMB'000*	
Revenue	**368,361**	356,592	3.3%
Gross profit	**79,444**	83,187	(4.5%)
Gross profit margin	**21.6%**	23.3%	(1.7%)
Total comprehensive income/(loss) attributable to owners of the Company	**(19,918)**	22,540	(188.4%)
Earnings/(loss) per share (basic and diluted) (expressed in RMB cents)	**(4.9)**	5.6	(188.4%)
Dividend declared in respect of the period (HK$)	**–**	–	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group provides solutions to customers on design and manufacture of home decoration products and home fragrance products, comprising core products such as home fragrance candles and home fragrance diffusers, which are considered to be widely used in people's daily lives.

It remains the Group's main focus on the wholesale business. The Group has been putting a lot of efforts to understand customer needs and provide more tailor-made solutions to the existing customers, including product designs and quality control on the production process. The success of the Group is strongly supported by the loyal customers, which contributes significantly to the Group's revenue growth throughout the years.

The Group has its own production base located in PRC since its establishment and it was one of the key success factors maintaining a good production quality while having good cost controls. In order to support the business growth and have timely response to orders from all over the world, the Group has already set up another subsidiary company in Vietnam to meet the customer need. The Group has also commenced setting up a subsidiary company in Thailand and it is considered as another milestone to further release new capacities for long-term business growth.

FINANCIAL REVIEW

Revenue

The Group's revenue mainly arises from the sales of the Group's candles products, home fragrance products and home accessories during the six months ended 30 June 2026.

There was a slight increase in revenue of approximately RMB11.8 million or approximately 3.3% to approximately RMB368.4 million for the six months ended 30 June 2026 from approximately RMB356.6 million for the six months ended 30 June 2025. The increase in revenue was mainly because of some organic growth on the business through some increase in purchase orders from existing customers.

Gross profit and gross profit margin

The Group's gross profit margin slightly decreased to approximately 21.6% for the six months ended 30 June 2026 from approximately 23.3% for the six months ended 30 June 2025. The slight decrease in gross profit margin was mainly caused by the depreciation of USD against RMB during the six months ended 30 June 2026, resulting in a decrease in equivalent unit selling price in RMB while the corresponding production costs of the Group remained stable.

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 expense slightly decreased by approximately RMB1.9 million or approximately 3.7% to approximately RMB49.3 million for the six months ended 30 June 2026 from approximately RMB51.2 million for the six months ended 30 June 2025 as a result of some cost saving measures.

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, and advertising and promotion expenses.

The selling and marketing expenses increased by approximately RMB2.5 million or approximately 14.6% to approximately RMB19.6 million for the six months ended 30 June 2026 from approximately RMB17.1 million for the six months ended 30 June 2025 as a result of increased payroll costs and commission to agents to support the business growth.

Other income

The Group's other income mainly represents income from government grants in the PRC and net income on bulk sales of raw materials to other market participants.

There was a decrease in other income of approximately RMB4.0 million or approximately 54.3% to approximately RMB3.3 million for the six months ended 30 June 2026 from approximately RMB7.3 million for the six months ended 30 June 2025. Decrease in other income was mainly due to less government granted received during the current period.

Other gains/(losses), net

The Group's other net gains/(losses) comprises foreign exchange differences arising from the sales to foreign customers and net fair value changes on funds invested.

There were other losses of approximately RMB31.1 million for the six months ended 30 June 2026 while the Group recorded other gains of approximately RMB4.3 million for the six months ended 30 June 2025. The turnaround from other gains to other losses during the current period was mainly due to the unrealised foreign exchange losses incurred during the current period and also the fair value losses on funds investments recorded during the current period. The Group maintains a significant portion of financial assets (mainly trade receivables and bank balances) denominated in USD arising from its overseas sales and the depreciation of USD against RMB during the current period resulted in drop in the value of those financial assets and a foreign exchange loss. The Group will consider different measures to manage the exposure from the foreign currency risk in the future.

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.

Increase in finance income during the current period was mainly because of some time deposits arranged with financial institutions during the current period earning higher interest rates, and increase in finance costs during the current period was mainly because the Group arranged more borrowings from the financial institutions during the current period.

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.

Notwithstanding the Group's net loss for the current period, the Company's subsidiary in Vietnam recorded profits for the current period, resulting in current tax recorded for the six months ended 30 June 2026. In addition, there was underprovision for the corporate income tax of approximately RMB1.1 million for one of the Company's subsidiary in the PRC in the prior years, resulting in an additional income tax expenses during the current period.

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. Decrease in the net carrying amounts of the Group's property, plant and equipment by approximately RMB9.8 million during the six months ended 30 June 2026 was mainly due to the depreciation charge for the current period.

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 the net carrying amounts of the properties leased by the Group.

Decrease in the net carrying amounts of the Group's right-of-use assets of approximately RMB5.6 million during the six months ended 30 June 2026 was mainly due to the amortisation charge of the land use rights and the depreciation charge for the leased properties during the current 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 RMB74.5 million or 66.3% to approximately RMB186.7 million as at 30 June 2026 from approximately RMB112.2 million as at 31 December 2025 which was mainly due to some finished goods pending for delivery for the customers as at 30 June 2026, and the increased stock level of raw materials for upcoming production plans in the third quarter of 2026.

Trade receivables

Trade receivables balance as at 30 June 2026 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 RMB30.0 million or 22.3% from approximately RMB134.3 million as at 31 December 2025 to approximately RMB164.3 million as at 30 June 2026. The increase in the Group's trade receivables balance was mainly due to more sales achieved during the second quarter of 2026.

Most of the Group's trade receivables balance were aged within 180 days as at 30 June 2026. The Group experienced limited bad debt issues over the years and a small provision for impairment of trade receivables of approximately RMB3.7 million was recorded as at 30 June 2026, 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.

There was an increase in the balance of prepayments, deposits and other receivables of approximately RMB28.8 million or 45.9% from approximately RMB62.8 million as at 31 December 2025 to approximately RMB91.6 million as at 30 June 2026 mainly due to more refundable value-added tax arising from the export sales as at 30 June 2026, and also advances made in respect of the purchase of pieces of land in Thailand for setup of production plants..

Financial assets at fair value through profit or loss

The Group subscribes certain private funds in the PRC using idle cash totalling RMB60 million. There was an accumulated net fair value loss of approximately RMB3.2 million for the investment in those private funds as at 30 June 2026.

Cash and cash equivalents

The balance of cash and cash equivalents as at 30 June 2026 comprised cash deposited into financial institutions in the PRC, Vietnam and Hong Kong.

The Group maintains a sufficient level of cash and bank balance to support the operation of the manufacturing and sales function of the Group, and also the setup of overseas production facilities.

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 a slight increase in the balance of trade and other payables of approximately RMB6.9 million from approximately RMB133.1 million as at 31 December 2025 to approximately RMB140.0 million as at 30 June 2026. Such increase was mainly due to increase in trade payables for more raw materials purchased for the production, partially offset by decrease in staff salaries and welfare payables.

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 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.

FINANCIAL INFORMATION

Interim condensed consolidated statement of comprehensive income
Six months ended 30 June 2026

	Notes	**2026** *RMB'000* **(Unaudited)**	2025 *RMB'000* (Unaudited)
Revenue	3	**368,361**	356,592
Cost of sales		**(288,917)**	(273,405)
Gross profit		**79,444**	83,187
Administrative expenses		**(49,260)**	(51,171)
Selling and marketing expenses		**(19,564)**	(17,065)
Net impairment losses on financial assets		**(1,268)**	(1,212)
Other income	4	**3,339**	7,302
Other gains/(losses), net	5	**(31,131)**	4,264
Operating profit/(loss)		**(18,440)**	25,305
Finance income		**6,412**	4,068
Finance costs		**(4,073)**	(3,158)
Finance costs, net		**2,339**	910
Profit/(loss) before income tax		**(16,101)**	26,215
Income tax expenses	6	**(3,875)**	(3,698)
Profit/(loss) for the period		**(19,976)**	22,517
Profit/(loss) for the period attributable to:			
Owners of the Company		**(19,918)**	22,540
Non-controlling interests		**(58)**	(23)

	Note	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Other comprehensive income/(loss):			
Items that maybe reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(1,688)**	192
Total comprehensive income/(loss) for the period		**(21,664)**	22,709
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(21,606)**	22,711
Non-controlling interests		**(58)**	(2)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company – Basis and diluted *(expressed in RMB cents)*	8	**(4.9)**	5.6

Interim condensed consolidated statement of financial position
As at 30 June 2026

	Notes	**30 June 2026** **RMB'000** **(Unaudited)**	31 December 2025 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**213,400**	223,235
Long-term investments		**4,860**	4,975
Right-of-use assets		**39,341**	44,913
Intangible assets		**4,368**	4,900
Total non-current assets		**261,969**	278,023
Current assets			
Inventories		**186,693**	112,236
Trade receivables	9	**160,568**	130,148
Prepayments, deposits and other receivables		**91,574**	62,756
Financial assets at fair value through profit or loss		**56,943**	12,648
Cash and cash in banks	10	**375,660**	590,974
Total current assets		**871,438**	908,762
Total assets		**1,133,407**	1,186,785
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	**359**	359
Share premium	11	**155,405**	155,405
Other reserves		**(5,507)**	(3,819)
Retained earnings		**375,900**	395,818
		526,157	547,763
Non-controlling interests		**817**	875
Total equity		**526,974**	548,638

	Note	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	12	**139,985**	133,118
Borrowings		**437,943**	474,455
Contract liabilities		**6,545**	4,594
Current income tax liabilities		**2,196**	3,409
Lease liabilities		**6,196**	7,461
Deferred tax liability		**7,622**	8,029
Total current liabilities		**600,487**	631,066
Non-current liabilities			
Lease liabilities		**5,946**	7,081
Total liabilities		**606,433**	638,147
Total equity and liabilities		**1,133,407**	1,186,785

Notes:

1. BASIS OF PREPARATION

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information for the six months ended 30 June 2026 are consistent with those adopted in preparing the audited financial statements for the year ended 31 December 2025. In addition, the unaudited interim financial information includes applicable disclosure required by the Listing Rules.

2. CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the preparation of the financial information for the six months ended 30 June 2026 are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 December 2025.

(a) Adoption of new and revised standards

The Group has applied the following standards, amendments and interpretation for the first time for its interim reporting period commencing 1 January 2026:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The adoption of these amendments to standards and revised interpretation did not have a material impact on the Group in the current or prior periods.

(b) Amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2026 and not early adopted by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements [1]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures [1]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause [1]

[1] Effective for annual/reporting periods beginning on or after 1 January 2027

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 2026 and 30 June 2025 is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from customers		
Candles	**233,663**	232,059
Home fragrance	**107,442**	93,258
Home accessories	**27,256**	31,275
	368,361	356,592

4. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**2,878**	6,691
Others	**461**	611
	3,339	7,302

5. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net fair value gains/(losses) on funds	**(3,705)**	3,399
Net foreign exchange differences, net	**(27,426)**	865
	(31,131)	4,264

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**4,282**	4,369
Deferred income tax	**(407)**	(671)
	3,875	3,698

7. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2025 and 30 June 2026.

8. 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 2026 and 30 June 2025, respectively.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company *(expressed in RMB'000)*	**(19,918)**	22,540
Weighted average number of ordinary shares in issue *(expressed in thousand)*	**405,042**	405,042
Basic earnings/(loss) per share for profit/(loss) attributable to the owners of the Company *(expressed in RMB cents per share)*	**(4.9)**	5.6

(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 2026 and 30 June 2025, 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.

9. TRADE RECEIVABLES

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Trade receivables	**164,258**	134,264
Less: allowance for impairment of trade receivables	**(3,690)**	(4,116)
Trade receivables – net	**160,568**	130,148

Trade receivables all arise from sales of goods.

As at 30 June 2026 and 31 December 2025, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Within 30 days	**83,012**	69,144
Over 30 days and within 180 days	**76,086**	56,607
Over 180 days and within one year	**488**	5,784
Over one year and within two years	**2,492**	141
Over two years	**2,180**	2,588
	164,258	134,264

10. CASH AND CASH IN HAND

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Cash in banks (i)	**267,905**	573,767
Time deposits	**78,415**	–
Cash in other financial institutions	**29,321**	17,193
Cash on hand	**19**	14
	297,245	590,974

(i) As at 30 June 2026 and 31 December 2025, cash in banks contains approximately RMB13,656,685 and RMB64,031,685 restricted cash deposits, respectively.

11. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares issued and fully paid:

	Number of ordinary shares	Nominal value of share capital	Equivalent nominal value of share capital	Share premium
		HK$	*RMB*	*RMB'000*
At 31 December 2025 and at 30 June 2026	**405,042,000**	405,042	358,767	155,405

12. TRADE AND OTHER PAYABLES

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Trade payables	**125,804**	105,636
Other payables	**9,467**	13,612
Staff salaries and welfare payables	**2,977**	12,410
Others	**1,737**	1,460
	139,985	133,118

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 2026 (Unaudited)	As at 31 December 2025 (Audited)
Within one year	**123,698**	103,987
Over one year and within two years	**911**	563
Over two years	**1,195**	1,086
	125,804	105,636

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 2026.

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 C1 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 2026.

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 2026.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended 30 June 2026 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 Aroma Holdings Limited
"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
"HKFRSs"	Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"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 Aroma Holdings Limited
JIN Jianxin
Chairman and executive Director

Hong Kong, 31 August 2026

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

* *For identification purpose only*