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Jia Yao Holdings Limited
嘉耀控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01626)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 decreased by approximately 64.9% or RMB482.3 million to approximately RMB260.5 million as compared with the corresponding period in 2024.
- Gross profit for the six months ended 30 June 2025 decreased by approximately 62.3% or RMB95.8 million to approximately RMB57.8 million as compared with the corresponding period in 2024.
- Gross profit margin for the six months ended 30 June 2025 increased by approximately 1.5% from approximately 20.7% to approximately 22.2% as compared with the corresponding period in 2024.
- Loss attributable to owners of the Company was approximately RMB16.8 million for the six months ended 30 June 2025 as compared to profit attributable to owners of the Company was approximately RMB14.8 million for the six months ended 30 June 2024.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Jia Yao Holdings Limited (the “**Company**” or “**Jia Yao**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024.

Unless otherwise stated, the financial information of the Company in this announcement was stated in Renminbi (“**RMB**”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2025

		Six Months ended 30 June	
		2025	2024
		Unaudited	Unaudited
	<i>Note</i>	RMB’000	RMB’000
Revenue	3	260,459	742,765
Cost of sales	4	(202,617)	(589,157)
Gross profit		57,842	153,608
Distribution costs	4	(23,648)	(48,008)
Administrative expenses	4	(53,181)	(76,337)
Net impairment losses on financial assets		(2,525)	(1,880)
Other income		1,485	6,703
Other gains — net		979	3,349
Operating (loss)/profit		(19,048)	37,435
Finance income		1,037	2,293
Finance costs		(2,877)	(2,615)
Finance costs — net		(1,840)	(322)
(Loss)/profit before income tax		(20,888)	37,113
Income tax expenses	5	(1,328)	(9,866)
(Loss)/profit for the period		(22,216)	27,247

		Six Months ended 30 June	
		2025	2024
		Unaudited	Unaudited
<i>Note</i>		RMB'000	RMB'000
(Loss)/profit attributable to:			
	— Owners of the Company	(16,751)	14,808
	— Non-controlling interests	(5,465)	12,439
		<u><u></u></u>	<u><u></u></u>
Other comprehensive (loss)/income			
	Currency translation differences	(1,326)	11
		<u><u></u></u>	<u><u></u></u>
Total comprehensive (loss)/income for the period			
		<u><u>(23,542)</u></u>	<u><u>27,258</u></u>
Total comprehensive (loss)/income for the period attributable to:			
	— Owners of the Company	(18,077)	14,819
	— Non-controlling interests	(5,465)	12,439
		<u><u></u></u>	<u><u></u></u>
		<u><u>(23,542)</u></u>	<u><u>27,258</u></u>
(Loss)/earnings per share attributable to owners of the Company			
	— (Loss)/earnings per share	(0.028)	0.025
	— Diluted (loss)/earnings per share	(0.028)	0.024
		<u><u></u></u>	<u><u></u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2025

		As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		47,058	48,077
Right-of-use assets		72,819	74,767
Intangible assets		3,211	3,453
Deferred income tax assets		7,119	2,220
Other receivables		4,176	3,836
Prepayment for property, plant and equipment		1,078	2,194
		<u>135,461</u>	<u>134,547</u>
Current assets			
Inventories		91,390	84,417
Trade and other receivables and prepayments	8	279,790	357,707
Financial assets at fair value through profit or loss		–	1,204
Restricted cash		4,783	13,426
Cash and cash equivalents		94,033	275,136
		<u>469,996</u>	<u>731,890</u>
Total assets		<u><u>605,457</u></u>	<u><u>866,437</u></u>

		As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
	<i>Note</i>		
EQUITY			
Equity attributable to the owners of the Company			
Share capital		5,120	5,120
Share premium		–	152,684
Other reserves		111,968	113,294
Retained earnings		148,930	179,328
		<u>266,018</u>	<u>450,426</u>
Non-controlling interests		39,359	41,870
		<u>305,377</u>	<u>492,296</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		48,187	48,713
Deferred income tax liabilities		5,546	1,211
		<u>53,733</u>	<u>49,924</u>
Current liabilities			
Trade and other payables	9	122,409	211,938
Contract liabilities		27,645	15,661
Income tax payable		13,661	12,132
Borrowings		59,902	62,750
Lease liabilities		22,730	21,736
		<u>246,347</u>	<u>324,217</u>
Total liabilities		<u>300,080</u>	<u>374,141</u>
Total equity and liabilities		<u>605,457</u>	<u>866,437</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2025

1 GENERAL INFORMATION

Jia Yao Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 5 August 2013.

The Company and its subsidiaries (together, the “**Group**”) are engaged in the design, production and sales of electronic cigarettes, and other electronic cigarettes related products and providing electronic cigarettes ancillary services in the People’s Republic of China (the “**PRC**”). The electronic cigarettes business in PRC is under the China’s E-cigarette Management Measures and the Group’s electronic cigarettes products are mainly made for export sales.

The Company’s registered office is located at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company’s ordinary shares were listed on the main board of The Stock Exchange of Hong Kong Limited on 27 June 2014.

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), rounded to the nearest thousand, unless otherwise stated.

This condensed consolidated interim financial information has been approved for issue by the Company’s board of directors (the “**Board**”) on 29 August 2025.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The accounting policies applied are consistent with those in the preparation of the Group's financial statements for the year ended 31 December 2024, except for adoption of new and amended standards as set out below:

(a) The following new and amended standards are mandatory for adoption for the financial year beginning 1 January 2025 for the Group:

- Amendments to HKAS 21 and HKFRS1 Lack of Exchangeability

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and amendments to standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and measurement of financial instruments	1 January 2026
HKFRS18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sales or contribution to assets between an investor and its associate or joint venture	To be determined

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operation decision maker, for the purposes of resource allocation and performance assessment, the Group's reportable and operating segments are as follows:

Sales of electronic cigarettes	—	technology research and development, production and sales of e-cigarettes, e-cigarettes vaping devices and other electronic products
Electronic cigarettes ancillary services	—	providing transportation and custom clearance services of electronic cigarettes related products
Paper cigarette packages and other paper packages	—	paper cigarette packages: design, printing and sales of paper cigarette packages; other paper packages: design, printing and sales of social product paper packages (e.g. packages for alcohol, medicines and food)

The segment of paper cigarette packages and other paper packages is regarded as discontinued operation in October 2024.

(b) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the condensed consolidated statement of comprehensive income.

The segment results for the six months ended 30 June 2025:

	Sales of electronic cigarettes Unaudited RMB'000	Electronic cigarettes ancillary services Unaudited RMB'000	Paper cigarette packages and other paper packages Unaudited RMB'000	Total Unaudited RMB'000
Revenue	221,007	39,452	–	260,459
Gross profit	54,532	3,310	–	57,842
Distribution costs	<u>(23,567)</u>	<u>(81)</u>	<u>–</u>	<u>(23,648)</u>
Segment results	30,965	3,229	–	34,194
Administrative expenses				(53,181)
Net impairment losses on financial assets				(2,525)
Other income				1,485
Other gains				979
Finance costs — net				<u>(1,840)</u>
Loss before income tax				<u><u>(20,888)</u></u>

The segment results for the six months ended 30 June 2024:

	Sales of electronic cigarettes Unaudited <i>RMB'000</i>	Electronic cigarettes ancillary services Unaudited <i>RMB'000</i>	Paper cigarette packages and other paper packages Unaudited <i>RMB'000</i>	Total Unaudited <i>RMB'000</i>
Revenue	393,135	19,488	330,142	742,765
Gross profit	116,751	1,928	34,929	153,608
Distribution costs	<u>(31,668)</u>	<u>–</u>	<u>(16,340)</u>	<u>(48,008)</u>
Segment results	85,083	1,928	18,589	105,600
Administrative expenses				(76,337)
Net impairment losses on financial assets				(1,880)
Other income				6,703
Other gains				3,349
Finance costs — net				<u>(322)</u>
Profit before income tax				<u><u>37,113</u></u>

(c) Segment assets by location

The total of non-current assets other than deferred income tax assets, a breakdown by location of the assets, is shown as follows:

	As at 30 June 2025 Unaudited <i>RMB'000</i>	As at 31 December 2024 Audited <i>RMB'000</i>
Mainland China	123,872	128,152
Hong Kong	<u>294</u>	<u>339</u>
	<u><u>124,166</u></u>	<u><u>128,491</u></u>

(d) Segment revenue by location

	Six Months ended 30 June	
	2025	2024
	Unaudited RMB'000	Unaudited RMB'000
Asia	205,372	565,889
Americas	8,354	54,746
Europe	36,476	100,853
Middle East	9,213	12,704
Oceania	690	7,643
Africa	354	930
	260,459	742,765

4 EXPENSES BY NATURE

	Six Months ended 30 June	
	2025	2024
	Unaudited RMB'000	Unaudited RMB'000
Operating (loss)/profit for the period has been arrived at after charging:		
Raw materials and consumables used	173,316	517,290
Changes in inventories of finished goods and work in progress	6,857	(27)
Employee benefits expenses	56,358	116,560
Transportation cost and travel expenses	5,575	17,432
Social promotion expense	7,705	16,539
Energy and water expense	2,166	10,300
Depreciation	6,643	12,416
Amortisation	11,492	9,894
Real estate tax, stamp duties and other taxes	913	4,264
Professional service expense	2,675	3,336
Office expense	2,570	2,794
Operating lease rentals in respect of rented premises	1,144	1,845
Write-down and provision of inventories	490	(55)
Other operating expenses	1,542	914
Total cost of sales, distribution costs and administrative expenses	279,446	713,502

5 INCOME TAX EXPENSES

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax	(1,720)	(6,717)
— Withholding income tax	—	(6,629)
Deferred income tax		
— Deferred tax assets	392	3,479
Income tax expenses	(1,328)	(9,866)

(i) Current income tax

The Company is not subject to any taxation in the Cayman Islands.

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (2024: 16.5%).

Shenzhen Haohan Yangtian Technology Co., Ltd., Shenzhen Coconut Biotechnology Co., Ltd. and Shenzhen South Intelligent Control Technology Co., Ltd. have been qualified as a High New Tech Enterprises according to the Corporate Income Tax Law of the PRC and subject to a reduced corporate income tax (“CIT”) rate of 15% in 2025 (2024: 15%).

The remaining subsidiaries established in the PRC are subject to the PRC CIT rate of 25% (2024: 25%).

(ii) PRC withholding income tax

According to the EIT Law and Implementation Rules, starting from 1 January 2008, a withholding income tax of 5% will be levied on the intermediate holding companies outside the PRC when their PRC subsidiaries declare dividends out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the intermediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty agreements between the relevant authorities of the PRC and Hong Kong. The Group used 5% as its withholding tax rate for certain Hong Kong intermediate holding companies since they had fulfilled the aforesaid conditions.

6 EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
(Loss)/profit attributable to the owners of the Company (RMB'000)	<u>(16,751)</u>	<u>14,808</u>
Weighted average number of ordinary shares in issue ('000)	<u>600,000</u>	<u>600,000</u>
Basic (loss)/earnings per share (RMB)	<u><u>(0.028)</u></u>	<u><u>0.025</u></u>

As the Company did not have any dilutive potential ordinary shares outstanding as at 30 June 2025, diluted loss per share is equal to basic loss per share.

7 DIVIDEND

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Dividends provided and paid	<u><u>166,331</u></u>	<u><u>—</u></u>

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Trade receivables	188,428	209,938
Less: loss allowance for trade receivables	<u>(18,443)</u>	<u>(14,076)</u>
	<u>169,985</u>	<u>195,862</u>
Note receivable	813	595
Less: loss allowance for notes receivables	<u>(1)</u>	<u>(1)</u>
	<u>812</u>	<u>594</u>
Deposits	20,529	56,421
Cash advances	22,936	69,344
Value added tax and income tax recoverable	10,510	10,826
Advance to employees	3,602	2,982
Other receivables	12,393	17,245
Less: loss allowance for other receivables	<u>(3,420)</u>	<u>(5,373)</u>
	66,550	151,445
Less: other receivable included in non-current assets	<u>(4,176)</u>	<u>(3,836)</u>
Other receivable included in current assets	<u>62,374</u>	<u>147,609</u>
Prepayments	<u>46,619</u>	<u>13,642</u>
Total	<u>279,790</u>	<u>357,707</u>

The Group's credit sales to customers are mainly entered into on credit terms of not more than 90 days.

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
0 to 90 days	135,811	151,490
91 to 180 days	16,003	16,815
181 to 365 days	14,085	27,255
Over 1 year	22,529	14,378
	<u>188,428</u>	<u>209,938</u>

9 TRADE AND OTHER PAYABLES

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Trade payables	84,064	128,786
Notes payable	5,433	14,944
Salary payables	9,411	8,058
Other tax payables	17,017	15,426
Other payable to non-controlling interests	–	30,000
Others	6,484	14,724
	<u>122,409</u>	<u>211,938</u>
Total trade and other payables	<u>122,409</u>	<u>211,938</u>

As at 30 June 2025 and 31 December 2024, the carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The ageing analysis of trade payables based on invoice date is as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Up to 6 months	72,064	127,504
6 months to 1 year	10,718	45
1 year to 2 years	1,282	1,237
	84,064	128,786

10 SUBSEQUENT EVENTS

As from 30 June 2025 to the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events requiring disclosure that have occurred.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global economy in the first half of 2025 has demonstrated tentative signs of stabilisation, yet overall growth remained tepid amid enduring structural and cyclical headwinds. Persistent geopolitical tensions, restrictive financial conditions, and an increasingly fragmented trade environment have contributed to a complex and volatile global landscape. According to the International Monetary Fund (IMF), global GDP growth is projected to decelerate from 3.3% in 2024 to approximately 3.0% for 2025 and 3.1% for 2026. Leading advanced economies — including the United States, China, and European Union — are facing synchronised slowdowns, burdened by persistent inflationary pressures, fiscal constraints, and diminishing external demand. Emerging market economies, while generally more dynamic, are not immune to these challenges. Many remain vulnerable to capital outflows, currency depreciation, and commodity price volatility. Consequently, the global recovery remains fragile and uneven, with elevated downside risks stemming from both domestic imbalances and exogenous shocks, such as energy disruptions or trade frictions.

China's economy, a key market for both production and consumption, exhibited only moderate resilience in the first half of 2025. Despite recording 5.3% growth, structural impediments intensified. Consumer confidence remained tepid, limiting the recovery in private consumption; while the property sector continued to act as a significant drag on investment sentiment. Persistent deflationary trends further underscored fundamental weaknesses in domestic demand.

Against this challenging macroeconomic backdrop, the global e-cigarette industry faced a confluence of pressures that tempered its growth trajectory. While long-term forecasts remain positive, the first half of 2025 was characterised by significant headwinds. Intensifying regulatory scrutiny across mature markets in North America and Europe has become a primary operational risk. Authorities are tightening controls on flavours, marketing, and age verification, while some countries' stepped-up enforcement has resulted in significant import seizures, disrupting global trade flows and creating inventory challenges for manufacturers and distributors alike.

Furthermore, the Asia-Pacific region, previously a bastion of rapid growth, is showing signs of a maturing and more complex regulatory environment. A notable regulatory shift is underway, with countries like Malaysia and the Philippines implementing new taxation frameworks specific to e-cigarettes, and Indonesia advancing toward comprehensive national legislation encompassing import controls, marketing restrictions and usage guidelines. This trend signals a narrowing window of lenient regulation and points toward increased compliance costs and market access challenges in the medium term.

BUSINESS REVIEW

In the first half of 2025, the Group's performance was materially impacted by a confluence of severe macroeconomic and industry-specific headwinds. The convergence of a synchronised global economic slowdown, tepid consumer sentiment in key markets, and an increasingly stringent and unpredictable regulatory landscape created a challenging operational environment. This resulted in constrained demand for discretionary goods, including its e-cigarette products, and exerted significant pressure on both sales volumes and profit margins.

In response to these conditions, the Group has executed a clear, two-pronged strategy designed not only to fortify its operational resilience against immediate market volatility but also to execute a landmark strategic realignment to secure a long-term competitive advantage. The Group has reinforced its commitment to disciplined operational management. This involved a rigorous focus on enhancing efficiency, maintaining prudent inventory levels to mitigate risk, and pursuing strategic market diversification to balance its geographic portfolio. By proactively aligning its business model with evolving international regulatory standards, the Group has shored up its foundations to navigate the current uncertainties with stability and foresight.

While developing our business globally, the management will pay attention to the business risks faced by the Group. The management will continue to closely monitor global regulatory changes and international trade turmoil related to our business activities, and build up strategic relationship and closely cooperate with the major local distributors in different countries and regions to ensure that our business activities and products meet the local consumers' preferences and adapt to the regulatory environment changes.

Sales and Distribution

The Group navigated a period of significant market turbulence during the period under review, recording a contraction in revenue. This performance was a direct consequence of formidable external pressures, including persistent macroeconomic uncertainties and the imposition of increasingly stringent and divergent regulatory frameworks on e-cigarette products across key international markets. In response, the primary focus of the Group was the execution of a disciplined strategy centered on operational resilience and long-term strategic positioning.

This disciplined approach is evidenced by its prudent management of operational headwinds. The Group undertook a strategic rationalisation of its inventory portfolio to align with shifting demand patterns and optimised production volumes, which in turn necessitated a recalibration of labour cost allocations. While these essential risk-mitigation measures contributed to a controlled increase in operating expenditures, they were fundamental to safeguarding the stability and integrity of the Group's business.

In parallel with these defensive measures, the Group committed to strategic, forward-looking investments in global market development and brand positioning. These initiatives, aimed at enhancing product visibility and fortifying the Group's corporate reputation, are indispensable pillars of its long-term value creation agenda. While they have exerted a near-term impact on profitability, they are critical to cementing the Group's future market leadership. The Group has continued to uphold its strong foothold in key markets across Europe, Americas, and Asia through developing strategic relationship with major local distributors in targeted markets.

Product Development and Design

Throughout the years, the Group has consistently driven itself to innovate. Capitalising on its technological expertise and development, including its advanced production lines and state-of-the-art production facilities, the Group has aimed to fully utilise its capacity to manufacture mid-range and high-end products, enabling it to maintain its status as a market leader.

In order to further improve the efficiency of the production lines of electronic cigarette, it is necessary to consider the needs of automated production prior to the product design stage. During the reporting period, the Group reviewed the product development technology, which fully considers the requirements of product manufacturing and importing automation equipment at the stage of product design and improves the manufacturability and automation feasibility of products.

Technology Development and Quality Control

Advocating the concept of “management innovation, system leadership”, the Group has always adhered to a policy of pursuing refinement, specialisation and standardisation to bolster its solid reputation for quality products. During the reporting period, the Group continued to step up efforts in the research and development of core technologies and the improvement of management capability. The Group launched its own branded electronic cigarette to the markets with high safety performance and better user experience, which has been recognized by numerous clients in a fast manner and achieved outstanding sales growth during the reporting period. The Group has also taken a proactive approach to environmental protection. It implements strict environmental protection metrics, controlling inputs of all raw and auxiliary materials, and manufacturing processes to provide customers with high-quality, safe, environment-friendly products.

Cost Control

The Group has always sought to consolidate its core business and maximise efforts to control costs. In order to improve the cost management of raw materials, which have been a major factor affecting manufacturing industries, the Group adopted a series of measures during the reporting year to reduce those costs.

It introduced strategies including process and materials optimisation, productivity enhancement, and the introduction of new suppliers and competitive negotiations. The Group also strengthened its control of production processes through measures such as rolling stock preparation, consolidating production orders to increase lot sizes, reducing manufacturing costs and preventing inefficiencies brought about by secondary loading due to insufficient deliveries. These strategies achieved remarkable results and yielding an improvement on production efficiency.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2025, the turnover of the Group was approximately RMB260.5 million, representing a decrease of approximately 64.9% over the corresponding period in 2024. The decrease was mainly due to the disposal of paper cigarette packages and social product paper packages business in the fourth quarter of year 2024 and sales of electronic cigarettes decreased during the six months ended 30 June 2025. Sales of electronic cigarettes segment decreased approximately 43.8% to approximately RMB221.0 million was mainly due to the Group's adjustment of its sales strategies in various international markets during the six months ended 30 June 2025 in response to recent fluctuations in global e-cigarette regulations and international trade turmoil, which had a negative impact on sales orders especially in Europe (revenue was decreased by approximately 63.8% to RMB36.5 million over the corresponding period in 2024) and Americas (revenue was decreased approximately 84.7% to RMB8.4 million over the corresponding period in 2024). Revenue generating from Asia decreased by approximately 63.7% to approximately RMB205.4 million was mainly due to the disposal of paper cigarette packages and social product paper packages business (its revenue was mainly generated from China market) in the fourth quarter of year 2024. Electronic cigarettes ancillary services segment including provision of transportation and custom clearance services of electronic cigarettes related products recorded a remarkable growth of approximately 102.4% to approximately RMB39.5 million during the six months ended 30 June 2025 as compared with the corresponding period in 2024. The Group will closely cooperate with major local distributors in targeted markets to cope with the effect of the recent fluctuations in global e-cigarettes regulations and international trade turmoil.

The following table sets forth the breakdown of the Group's sales for the six months ended 30 June 2025:

	For the six months ended		
	30 June		
	2025	2024	Change (%)
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	(approximate)
Sales of electronic cigarettes	221,007	393,135	-43.8%
Electronic cigarettes ancillary services	39,452	19,488	+102.4%
Paper cigarette packages and social product paper packages	<u>–</u>	<u>330,142</u>	<u>N/A</u>

The following table sets forth the breakdown of the Group's sales by location:

	Six Months ended 30 June		
	2025	2024	Change (%)
	<i>RMB'000</i>	<i>RMB'000</i>	(approximate)
	(Unaudited)	(Unaudited)	
Asia	205,372	565,889	-63.7%
Americas	8,354	54,746	-84.7%
Europe	36,476	100,853	-63.8%
Middle East	9,213	12,704	-27.5%
Oceania	690	7,643	-91.0%
Africa	<u>354</u>	<u>930</u>	<u>-61.9%</u>

Gross Profit

The Group's gross profit decreased by approximately 62.3% from approximately RMB153.6 million for the six months ended 30 June 2024 to approximately RMB57.8 million for the six months ended 30 June 2025. The Group's gross profit margin increased by approximately 1.5% from approximately 20.7% to approximately 22.2% as compared with the corresponding period in 2024. In order to respond to the recent fluctuations in global e-cigarette regulations and international trade turmoil during the six months ended 30 June 2025, the Group adjusted its sales strategies in various international markets and had a negative impact on profitability. The Group's gross profit margin increased was mainly due to the disposal of paper cigarette packages and social product paper packages business with relatively low profitability and growth prospects in the fourth quarter of year 2024.

Distribution Costs

For the six months ended 30 June 2025, distribution costs comprise: (i) delivery expenses for the transportation of the Group's products to customers; (ii) staff costs and benefits relating to the Group's sales and marketing personnel; (iii) expenses incurred in customer hospitality activities during the Group's normal course of business; (iv) travelling expenses of the staff incurred for the sales and distribution activities; (v) administrative expenses; and (vi) other selling and distribution related expenses. The Group's distribution costs decreased by approximately 50.7% from approximately RMB48.0 million for the six months ended 30 June 2024 to approximately RMB23.6 million for the six months ended 30 June 2025. The decrease was mainly due to the disposal of paper cigarette packages and social product paper packages business in the fourth quarter of year 2024.

Administrative Expenses

For the six months ended 30 June 2025, administrative expenses consist of (i) staff costs and benefits relating to the Group's administrative personnel; (ii) travelling expenses of administrative staff; (iii) depreciation expenses; (iv) entertainment expenses of administrative staff; (v) research and development expenses; (vi) office expenses; (vii) regulatory expenses; and (viii) other expenses incurred in relation to the Group's administrative operations. The expenses decreased by approximately 30.3% from approximately RMB76.3 million for the six months ended 30 June 2024 to approximately RMB53.2 million for the six months ended 30 June 2025. The decrease was mainly due to the disposal of paper cigarette packages and social product paper packages business in the fourth quarter of year 2024.

Other Income

For the six months ended 30 June 2025, other income mainly consists of non-recurring government grants and tax incentives from government and it decreased by approximately RMB5.2 million to approximately RMB1.5 million for the six months ended 30 June 2025. Decrease of other income was mainly due to the decrease of government grants received by PRC subsidiaries during the six months ended 30 June 2025.

Other Gains, net

For the six months ended 30 June 2025, net other gains consists of gains on disposal of subsidiaries and raw materials and it decreased by approximately RMB2.4 million to approximately RMB1.0 million for the six months ended 30 June 2025. Decrease of net other gains was mainly due to the decrease of gains on disposal of subsidiaries and raw materials during the six months ended 30 June 2025.

Finance Costs, net

For the six months ended 30 June 2025, net finance cost primarily consisted of interest income on bank deposits and interest payment on bank and other borrowings and it increased by approximately RMB1.5 million to approximately RMB1.8 million for the six months ended 30 June 2025. Increase of net finance costs was mainly due to the decrease of interest income on bank deposits during the six months ended 30 June 2025.

Income Tax Expenses

The income tax expenses decreased by approximately RMB8.5 million to approximately RMB1.3 million as compared with the corresponding period in 2024. Decrease of income tax expenses was mainly due to the decrease of net profit generated by the subsidiaries in China and no withholding income tax incurred (six months ended 30 June 2024: RMB6.6 million) during the six months ended 30 June 2025.

Profit Attributable to Owners of the Company

As a result of the foregoing, the Group's loss attributable to owners of the Company was approximately RMB16.8 million for the six months ended 30 June 2025 as compared to profit attributable to owners of the Company was approximately RMB14.8 million for the six months ended 30 June 2024.

Trade and Other Receivables and Prepayments

Trade and other receivables and prepayments decreased by approximately 21.5% from approximately RMB361.5 million as at 31 December 2024 to approximately RMB284.0 million as at 30 June 2025. The decrease was mainly due to: (i) the decrease of trade receivables from approximately RMB195.9 million as at 31 December 2024 to approximately RMB170.0 million as at 30 June 2025; (ii) decrease of deposits from approximately RMB56.4 million as at 31 December 2024 to approximately RMB20.5 million as at 30 June 2025; and (iii) decrease of cash advances from approximately RMB69.3 million as at 31 December 2024 to approximately RMB22.9 million as at 30 June 2025.

Trade and Other Payables

Trade and other payables decreased by approximately 42.2% from approximately RMB211.9 million as at 31 December 2024 to approximately RMB122.4 million as at 30 June 2025. The decrease was mainly due to: (i) the decrease of trade payables from approximately RMB128.8 million as at 31 December 2024 to approximately RMB84.1 million as at 30 June 2025; (ii) decrease of notes payables from approximately RMB14.9 million as at 31 December 2024 to approximately RMB5.4 million as at 30 June 2025; and (iii) no other payable to non-controlling interests as at 30 June 2025 (as at 31 December 2024: RMB30.0 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group recorded net current assets of approximately RMB223.6 million as at 30 June 2025, compared with net current assets of approximately RMB407.7 million as at 31 December 2024. The Group maintained a healthy liquidity position during the six months ended 30 June 2025. The Group's operations were principally financed by internal resources and interest-bearing borrowings during the period under review.

As at 30 June 2025, the Group's cash and cash equivalents, which were held mainly in Renminbi and Hong Kong dollars, were approximately RMB94.0 million, compared with approximately RMB275.1 million as at 31 December 2024.

Borrowings and Gearing Ratio

The Group's interest-bearing borrowings were RMB59.9 million as at 30 June 2025 (as at 31 December 2024: approximately RMB62.8 million). The Group's interest-bearing borrowings were mainly denominated in Renminbi as at 30 June 2025 and 31 December 2024. The Group's interest-bearing borrowings were repayable within one year. This ratio is calculated as net debt divided by total capital. The gearing ratios are as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Total borrowings	59,902	62,750
Less: cash and cash equivalents	94,033	275,136
Net cash	34,131	212,386
Total equity	305,377	492,296
Total capital	N/A	N/A
Gearing ratio (%)	N/A	N/A

It is the policy of the Group to adopt a consistently prudent financial management strategy, hence sufficient liquidity is maintained with appropriate levels of borrowings to meet the funding requirements of the Group's investments and operations.

Capital Expenditure

During the six months ended 30 June 2025, the Group's total capital expenditure amounted to approximately RMB6.5 million (for the six months ended 30 June 2024: RMB50.1 million), which was mainly used in purchase of plant and machineries.

Treasury Policies

The Group adopted a prudent strategy towards the treasury and funding policies, and attached high importance to the risk control and transactions directly related to the Group's principal business. Funds, primarily denominated in Renminbi and Hong Kong dollars, are normally placed with banks in short or medium term deposits for working capital of the Group.

Pledge of Assets

The Group's assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group (including note payables of the Group):

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Restricted cash	<u>3,433</u>	<u>13,019</u>
	<u>3,433</u>	<u>13,019</u>

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There are no significant investments, material acquisition and disposal of subsidiaries and associated companies by the Group for the six months ended 30 June 2025.

Contingent Liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities (as at 31 December 2024: nil).

Foreign Exchange Risks

The Group's transactions were mainly conducted in RMB, the functional currency of the Group, and the major receivables and payables are denominated in RMB. The Group's exposure to foreign currency risk related primarily to certain bank balances and cash, trade receivables, contract liabilities and other payables maintained in Hong Kong Dollars and United States Dollars. The Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business during the six months ended 30 June 2025.

HUMAN RESOURCES AND REMUNERATION

As at 30 June 2025, the Group employed 862 employees (as compared with 825 employees as at 31 December 2024) with total staff cost of approximately RMB56.4 million incurred for the six months ended 30 June 2025 (as compared with approximately RMB116.6 million for the same period of 2024). The Group's remuneration packages are generally structured with reference to market terms and individual performance. In relation to staff training, the Group also provides different types of programs for staff to improve their skills, develop their respective expertise and showcase their potentials.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

FUTURE OUTLOOK

While market projections suggest significant expansion for the global e-cigarette sector, with forecasts from Grand View Research indicating a valuation surpassing USD60 billion by 2025 and USD120 billion by 2034, this trajectory is contingent upon a complex interplay of volatile factors. The market's valuation is predicated on continued technological development, shifts in consumer behaviour, and a fragmented and unpredictable global regulatory landscape. Innovations such as closed-system devices and advanced atomisation technologies are altering product standards and consumption patterns. However, In China, the industry's primary manufacturing hub, the era of rapid, unregulated expansion is concluding, forcing a transition toward a more structured and compliance-heavy operational model. The domestic market, forecast to exceed RMB966.6 billion in 2025, is influenced by urban consumption trends and product innovation, but also by contested claims regarding harm reduction relative to traditional tobacco. Consequently, manufacturers are increasingly compelled to seek international market penetration, focusing on Europe, Southeast Asia, and the Middle East. These regions are targeted not for their stability, but because their regulatory frameworks are, for the moment, less consolidated and restrictive than the stringent environment in the U.S. — a leniency that is by no means guaranteed to persist.

The e-cigarette industry is entering a phase of strategic recalibration driven by intensified regulatory scrutiny, accelerating technological innovation, and heightened expectations for sustainability and corporate responsibility. Market leaders that demonstrate agility in navigating complex and evolving regulatory frameworks, while leveraging cutting-edge advancements and aligning global strategies with local market dynamics, will be best positioned to unlock emerging growth opportunities. In this fast-evolving landscape, the integration of disciplined governance and market-leading innovation is essential to establishing long-term competitive advantage and sustainable value creation.

Looking ahead, Jia Yao will continue to execute a disciplined strategic framework that balances prudent resource allocation with an unwavering commitment to innovation and market responsiveness. The Group will continue to invest in a robust centralised compliance and legal framework, which includes leveraging regulatory intelligence systems to anticipate changes and ensure its operations, from product design to marketing, remain competitive in every market.

Simultaneously, in order to cater to the development of the e-cigarette business and keep pace with competitors in the market, Jia Yao will continue to assess and refine its product portfolio, ensuring it aligns with the specific regulatory and consumer dynamics of each targeted region. At the same time, it will expand its global distribution network through strategic partnerships with established overseas distributors, ensuring deeper market penetration and stronger brand visibility across key geographies to cope with the recent fluctuations in global e-cigarettes regulations and international trade turmoil.

Although the rapid changes in the international market and business environment from late 2024 have an impact on the results of Jia Yao, we believed that the corresponding strategies implemented by the management will gradually improve the results of the Group in the medium and long-term development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Competing Business and Conflicts of Interests

None of the Directors is engaged in any business which competes or is likely to compete with the business of the Group, and none of them has any other conflicts of interests with the Group.

Purchase, Sales or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company throughout the six months ended 30 June 2025.

Corporate Governance

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the Corporate Governance Code contained in Appendix C1 the Listing Rules (the “**Corporate Governance Code**”) as its own code on corporate governance and had complied with the Corporate Governance Code for the six months ended 30 June 2025.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the code of conduct and the required standard set out in the Model Code regarding directors’ securities transactions for the six months ended 30 June 2025.

Audit Committee and Review of Interim Results

The Company has established an audit committee (the “**Audit Committee**”) with terms of reference aligned with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules for the primary duties of reviewing and providing supervision on the financial reporting process, internal controls and risk management systems of the Company. The Audit Committee consists of three independent non-executive Directors, namely Mr. Wang Ping (as Chairman), Ms. Guo Wei and Mr. Gong Jinjun.

The interim financial results of the Group for the six months ended 30 June 2025 have not been reviewed by the Company’s auditor, but have been reviewed by the Company’s audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made. The Audit Committee has also reviewed this announcement.

Changes of Information of Directors

There is no change in Directors’ information that is required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2024 of the Company and up to the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jiayaoholdings.com). The Company's interim report for the six months ended 30 June 2025 will be despatched to the shareholders of the Company and published at the aforementioned websites in due course.

By Order of the Board
Jia Yao Holdings Limited
Yang Yoong An

Chairman of the Board and Executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises Mr. Yang Yoong An (Chairman) and Mr. Li Lin as executive Directors, Mr. Yang Fan as non-executive Director and Mr. Gong Jinjun, Ms. Guo Wei and Mr. Wang Ping as independent non-executive Directors.

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.

* *For identification purposes only*