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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2025 decreased by approximately 16.3% or RMB125.5 million to approximately RMB644.9 million as compared with the same period in 2024.
- Gross profit for the year ended 31 December 2025 decreased by approximately 26.6% or RMB55.5 million to approximately RMB153.2 million as compared with the same period in 2024.
- Gross profit margin for the year ended 31 December 2025 decreased by approximately 3.3% from approximately 27.1% to approximately 23.8% as compared with the same period in 2024.
- Profit attributable to owners of the Company decreased by approximately RMB48.8 million to approximately RMB1.8 million for the year ended 31 December 2025 as compared to for the year ended 31 December 2024.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: nil). A special dividend declared and paid for 2024 of HK\$0.3 per ordinary share totaling HK\$180.0 million in 2025.

The board (the “Board”) of directors (the “Directors”) of Jia Yao Holdings Limited (the “Company”) is pleased to announce the consolidated results for the year ended 31 December 2025 of the Company and its subsidiaries (collectively, the “Group”) together with the comparative figures for the year ended 31 December 2024, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2025*

		Year ended 31 December	
		2025	2024
	Note	RMB'000	RMB'000
<b>Continuing operations</b>			
Revenue	3	644,937	770,477
Cost of sales	5	(491,704)	(561,726)
<b>Gross profit</b>		<b>153,233</b>	<b>208,751</b>
Distribution costs	5	(43,268)	(57,146)
Administrative expenses	5	(103,740)	(114,461)
Net impairment losses on financial assets		(5,798)	(10,430)
Other income		3,589	5,265
Other gains, net		2,426	506
<b>Operating profit</b>		<b>6,442</b>	<b>32,485</b>
Finance income	4	1,669	913
Finance costs	4	(5,708)	(5,053)
Finance costs — net	4	(4,039)	(4,140)
<b>Profit before income tax</b>		<b>2,403</b>	<b>28,345</b>
Income tax credit/(expense)	6	1,663	(9,685)
Profit from continuing operations		4,066	18,660
Profit from discontinued operations		—	29,364
<b>Profit for the year</b>		<b>4,066</b>	<b>48,024</b>

		<b>Year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other comprehensive (expense)/income</b>			
Currency translation differences		<u>(4,387)</u>	<u>341</u>
Total comprehensive (expense)/income for the year		<u><u>(321)</u></u>	<u><u>48,365</u></u>
<b>Profit for the year attributable to owners of the Company</b>			
— from continuing operations		<u>1,830</u>	<u>6,262</u>
— from discontinued operations		<u>—</u>	<u>44,349</u>
		<u><u>1,830</u></u>	<u><u>50,611</u></u>
<b>Profit/(loss) for the year attributable to non-controlling interests — from continuing operations</b>			
		<u>2,236</u>	<u>(2,587)</u>
		<u><u>4,066</u></u>	<u><u>48,024</u></u>
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
Owners of the Company		<u>(2,557)</u>	<u>50,952</u>
Non-controlling interests		<u>2,236</u>	<u>(2,587)</u>
		<u><u>(321)</u></u>	<u><u>48,365</u></u>
<b>Earnings per share from continuing and discontinued operations</b>			
Basic	7	<u>0.003</u>	<u>0.084</u>
Diluted	7	<u>0.003</u>	<u>0.084</u>
<b>Earnings per share from continuing operations</b>			
Basic	7	<u>0.003</u>	<u>0.010</u>
Diluted	7	<u>0.003</u>	<u>0.010</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2025

	As at 31 December	
	2025	2024
Note	RMB'000	RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>49,298</b>	48,077
Right-of-use assets	<b>71,945</b>	74,767
Intangible assets	<b>2,968</b>	3,453
Deferred income tax assets	<b>7,291</b>	2,220
Other receivables	8	3,836
Prepayment for property, plant and equipment	<b>2,305</b>	2,194
	<b>133,807</b>	134,547
<b>Current assets</b>		
Inventories	<b>113,001</b>	84,417
Trade and other receivables and prepayments	8	357,707
Financial assets at fair value through profit or loss	<b>10,000</b>	1,204
Restricted cash	<b>20,954</b>	13,426
Cash and cash equivalents	<b>105,870</b>	275,136
	<b>579,789</b>	731,890
<b>Total assets</b>	<b>713,596</b>	866,437

		<b>As at 31 December</b>	
		<b>2025</b>	2024
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		<b>5,120</b>	5,120
Share premium		–	152,684
Other reserves		<b>108,907</b>	113,294
Retained earnings		<b>168,324</b>	179,328
		<u>282,351</u>	450,426
Non-controlling interests		<b>47,060</b>	41,870
		<u>329,411</u>	492,296
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>44,615</b>	48,713
Deferred income tax liabilities		<b>718</b>	1,211
		<u>45,333</u>	49,924
<b>Current liabilities</b>			
Trade and other payables	9	<b>201,106</b>	211,938
Contract liabilities		<b>41,456</b>	15,661
Income tax payable		<b>14,093</b>	12,132
Borrowings		<b>55,879</b>	62,750
Lease liabilities		<b>26,318</b>	21,736
		<u>338,852</u>	324,217
<b>Total liabilities</b>		<u>384,185</u>	374,141
<b>Total equity and liabilities</b>		<u>713,596</u>	<u>866,437</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 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 products 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 made for export.

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.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

- (i) Compliance with HKFRS Accounting Standards, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial statements that are measured at air values at the end of each reporting period.

**(ii) Amended standards adopted by the Group**

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2025:

- Amendments to HKAS 21                      Lack of Exchangeability

The application of the amendments to HKAS 21 in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**(iii) New standards and amendments to standards not yet adopted**

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature- dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HKAS 21	Translation to a Hyper-inflationary Presentation Currency	1 January 2027
HKFRS 18	Presentation and Disclosure in Financial Statements	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

#### (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 consolidated statement of comprehensive income.

The segment results for the year ended 31 December 2025:

	Sales of electronic cigarettes <i>RMB'000</i>	Electronic cigarettes ancillary services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	534,427	110,510	644,937
Gross profit	142,964	10,269	153,233
Distribution costs	(43,082)	(186)	(43,268)
Segment results	99,882	10,083	109,965
Administrative expenses			(103,740)
Net impairment losses on financial assets			(5,798)
Other income			3,589
Other losses			2,426
Finance income — net			(4,039)
Profit before income tax			<u>2,403</u>

The restated segment results for the year ended 31 December 2024:

	Sales of electronic cigarettes <i>RMB'000</i>	Electronic cigarettes ancillary services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	688,627	81,850	770,477
Gross profit	202,634	6,117	208,751
Distribution costs	<u>(57,116)</u>	<u>(30)</u>	<u>(57,146)</u>
Segment results	145,518	6,087	151,605
Administrative expenses			(114,461)
Net impairment losses on financial assets			(10,430)
Other income			5,265
Other losses			506
Finance income — net			<u>(4,140)</u>
Profit before income tax			<u><u>28,345</u></u>
		<b>2025</b>	2024
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
Customer A		<b>72,331</b>	81,776
Customer B		<b><u>71,971</u></b>	<u>N/A<sup>1</sup></u>

*Note 1:* The revenue of the customer did not contribute over 10% of the total revenue of the Group.

(c) **Segment assets by location**

As at 31 December 2025, the total of non-current assets other than financial assets and deferred income tax assets, a breakdown by location of the assets is shown as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Mainland China	<b>126,266</b>	128,152
Hong Kong	<b>250</b>	339
	<u><b>126,516</b></u>	<u>128,491</u>

**4 FINANCE COSTS — NET**

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Finance income</b>		
Interest income on bank deposits	<u><b>1,669</b></u>	<u>913</u>
<b>Finance cost</b>		
Interest on bank borrowings	<b>(2,480)</b>	(2,634)
Others	<u><b>(3,228)</b></u>	<u>(2,419)</u>
	<u><b>(5,708)</b></u>	<u>(5,053)</u>
<b>Finance costs — net</b>	<u><b>(4,039)</b></u>	<u>(4,140)</u>

## 5 EXPENSES BY NATURE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Operating profit for the year has been arrived at after charging:		
Raw materials and consumables used	402,285	474,063
Write-down of inventories, net	607	787
Changes in inventories of finished goods and work in progress	27,833	425
Employee benefits expenses	120,698	164,192
Amortisation	21,520	18,223
Depreciation	13,084	9,861
Social promotion expense	11,879	15,163
Travel expenses	4,944	9,190
Professional service expense	9,413	8,197
Transportation cost	3,672	6,905
Office expense	3,538	4,558
Operating lease rentals in respect of rented premises	3,661	4,837
Energy and water expense	4,780	3,647
Real estate tax, stamp duties and other taxes	2,498	2,931
Auditor's remuneration	1,300	2,200
Other operating expenses	7,000	8,154
	<u>638,712</u>	<u>733,333</u>
Total cost of sales, distribution costs and administrative expenses	<u>638,712</u>	<u>733,333</u>

## 6 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax (i)		
— PRC corporate tax	4,007	9,427
— Hong Kong profits tax	(106)	—
	<u>3,901</u>	<u>9,427</u>
Deferred income tax	(5,564)	258
Income tax (credit)/expense	<u>(1,663)</u>	<u>9,685</u>

**(i) Current income tax**

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

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Shenzhen Haohan Yangtian Technology Co., Ltd. has 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%).

Shenzhen Coconut Biotechnology Co., Ltd. and Shenzhen South Intelligent Control Technology Co., Ltd. has 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 mainland China are subject to the PRC CIT rate of 25% (2024: 25%).

**(ii) PRC withholding income tax**

Under relevant tax laws and regulations, gains from disposal of the BVI subsidiary (Giant Harmony limited), which has several significant subsidiaries that are operated in PRC, shall be subject to the withholding income tax at 10%.

## 7 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit from continuing operations attributable to the owners of the Company ( <i>RMB'000</i> )	1,830	6,262
Profit from discontinued operations attributable to the owners of the Company ( <i>RMB'000</i> )	—	44,349
Profit attributable to the owners of the Company ( <i>RMB'000</i> )	<u>1,830</u>	<u>50,611</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>600,000</u>	<u>600,000</u>
Basic earnings per share ( <i>RMB</i> )		
From continuing operations	0.003	0.010
From discontinued operations	—	0.074
	<u>0.003</u>	<u>0.084</u>

As the Company did not have any dilutive potential ordinary shares outstanding as at 31 December 2025 and 2024, diluted earnings per share is equal to basic earnings per share.

## 8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	228,968	209,938
Less: loss allowance for trade receivables	<u>(20,663)</u>	<u>(14,076)</u>
	<u>208,305</u>	<u>195,862</u>
Notes receivable	1,648	595
Less: loss allowance for notes receivables	<u>(1)</u>	<u>(1)</u>
	<u>1,647</u>	<u>594</u>
Deposits	29,512	56,421
Cash advance	39,480	69,344
Value added tax and income tax recoverable	12,678	10,826
Advance to employees	5,375	2,982
Other advances and receivables	3,254	17,245
Less: loss allowance for other receivables	<u>(4,473)</u>	<u>(5,373)</u>
	<u>85,826</u>	<u>151,445</u>
Less: other receivable include in non-current assets	<u>–</u>	<u>(3,836)</u>
Other receivables included in current assets	<u>85,826</u>	<u>147,609</u>
Prepayments	<u>34,186</u>	<u>13,642</u>
	<u><u>329,964</u></u>	<u><u>357,707</u></u>

**(a) Trade receivables by aging**

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:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 to 90 days	<b>177,332</b>	147,514
91 to 180 days	<b>8,961</b>	15,866
181 to 365 days	<b>4,571</b>	23,976
Over 1 year	<b>17,441</b>	8,506
	<b><u>208,305</u></b>	<u>195,862</u>

**9 TRADE AND OTHER PAYABLES**

	<b>As of 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	<b>147,303</b>	128,786
Notes payable	<b>10,795</b>	14,944
Salary payables	<b>6,649</b>	8,058
Other tax payables	<b>17,134</b>	15,426
Other payable to non-controlling interests	–	30,000
Others	<b>19,225</b>	14,724
	<b><u>201,106</u></b>	<u>211,938</u>

As at 31 December 2025 and 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.

Trade payables are mainly with maturity period of 30 to 90 days. The ageing analysis of trade payables based on invoice date is as follows:

	<b>As of 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Up to 6 months	<b>145,718</b>	127,504
6 months to 1 year	<b>92</b>	45
1 year to 2 years	<b>272</b>	1,237
Over 2 years	<b>1,221</b>	–
	<b><u>147,303</u></b>	<u>128,786</u>

## **10 DIVIDEND**

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: nil). The special dividend of HKD0.3 per ordinary share, totalling HK\$180,000,000, has been approved at the extraordinary general meeting held on 6 January 2025.

## **11 SUBSEQUENT EVENTS**

The Group entered into an investment cooperation agreement with XK Biotech Holding Limited (“XK Biotech”) and its subsidiaries, including Yunnan Chengwan Biotechnology Co., Ltd. and Yunnan Subei Trading Co., Ltd. (collectively, the “XK Biotech Group”).

Pursuant to the agreement, the Group agreed to acquire an aggregate of 57% of the issued shares of XK Biotech. As of 23 March 2026, the Group has completed the closing of the 57% equity interest in XK Biotech.

## MARKET REVIEW

The global e-cigarette industry entered a phase of profound and accelerated transformation. The era of rapid and uninhibited expansion has definitively given way to a new paradigm defined by stringent, albeit fragmented, regulatory frameworks. The year 2025 was a watershed moment for industry regulation, as several key markets moved from policy deliberation to active enforcement.

In some Asia countries, such as Malaysia, the Philippines and Indonesia implemented stricter frameworks, including mandatory product certifications, excise tax stamps, and graphic health warnings. In some Europe countries, regulatory authorities have tightened restrictions on e-cigarette flavors, marketing, and age verification. As a result, the changes have led to the delay of orders resulting in a short-term revenue decline. Global sales of e-cigarette products have been affected by extended compliance reviews and testing cycles, and order delivery progress has generally lagged behind, impacting overall revenue. The revenue from sales of electronic cigarettes in the first half of 2025 decreased by approximately 43.8% to approximately RMB221.0 million. In the second half of 2025, after the Group enhanced the business cooperation with local distributors to timely respond to changes in local policies and change the design of products that the Company has launched several innovative e-cigarette products and new products that meet compliance requirements to fulfill the changing market demand for higher quality and diversification, and also meets consumers' concerns about product specifications and designs. Sales began to rebound in the second half of 2025 and the decline of revenue from sales of electronic cigarettes was moderated to approximately 22.4% to approximately RMB534.4 million for the year ended 31 December 2025. These synchronised global regulatory shifts have systematically increased the barriers to entry, compelling a flight to quality and accelerating industry consolidation. The competitive landscape is now decisively tilting in favour of the Company that possess well-established R&D capabilities and sophisticated compliance systems.

Furthermore, the Group's electronic cigarette solution board and chip business achieved significant growth in 2025: sales revenue increased by approximately RMB72.1 million compared to 2024, representing a growth of approximately 117% and gross profit concurrently increased by approximately RMB18.2 million, a growth of approximately 185%. This was primarily attributable to significant improvements in quality and design, leading to greater product recognition from major customers and increased orders in 2025.

In additions, according to the independent market research report issued by industry consultant Frost & Sullivan in March 2026, the global vaping device market size increased at a compound growth rate of approximately 8.9% at ex-factory prices from 2021 to 2025, and is expected to increase at an estimated compound growth rate of approximately 9.1% from 2025 to 2030. Therefore, the management believes that although the e-cigarette market will be affected by instability in the short term, it will have long-term development potential due to increasing demand especially at the group aged from 21 to 40 and gradually growing to the size of traditional cigarette market in the long-term.

## **BUSINESS REVIEW**

In a transformative strategic realignment, the Company has executed a decisive pivot to concentrate exclusively on the electronic cigarette sector, marking an evolution from its previous dual-segment operations. This strategic transformation culminated in October 2024 with the complete divestment of its stake in Giant Harmony Limited, definitively signalling the Group's commitment to specialising in electronic cigarette design, manufacturing and marketing. The Group's strategic divestment decision not only streamlines its operational focus, but also demonstrates its commitment to maximising shareholder value through concentrated expertise in the growing electronic cigarette sector.

In 2025, against a backdrop of global economic and industry-specific changes, the Group demonstrated commendable operational resilience and maintained a stable business performance. The year was characterised by a disciplined strategic focus on navigating the increasingly complex regulatory landscape while reinforcing core competencies in product innovation, quality control, and integrated supply chain management. In 2025, the Group continued to actively promote its self-branded e-cigarette products with higher profitability such as Hi5, Hyper Bar, Instabar and Instapod. Its sales proportion reaching approximately one-quarter of the revenue from sales of electronic cigarettes (2024: approximately one-fifth). In order to improve business efficiency, the Group was able to maintain the production line capacity utilization rate above 80% in 2024 and 2025. The Group also successfully maintained the product qualification rate above 98% in 2024 and 2025. The Group will focus to promote its own brand e-cigarette products and increase the sales volume to pursue long-term development. For the long-term growth, the Group is actively recruiting

tobacco industry talent across various regions to enhance product design and new product development, while establishing sales networks in various target markets. The Group is also leveraging its extensive experience and networks in the tobacco industry to look for the new investment opportunity on other tobacco-related businesses.

## **Sales and Distribution**

The Group's customer base remains geographically diversified, with a strong and established presence in key markets across Americas, Europe, and Asia. This diversification has been a cornerstone of the Company's risk management strategy, mitigating its exposure to policy shifts or demand fluctuations in any single market. In 2025, the Group successfully expanded its network of overseas clients, particularly in North America and Southeast Asia, forging new partnerships with companies that possess robust compliance frameworks and significant long-term growth potential. In 2025, the Group has successfully developed new markets including Canada, Germany, France, the Netherlands, Georgia and Croatia etc. and actively participate in 72 countries, and our customers including sizeable brand owners, distributors and retail chains in various countries in order to diversify risks and expand the source of income. Overall, the sales revenue from its electronic cigarette business was approximately RMB534.4 million, representing a year-on-year decrease of approximately 22.4%, a reflection of the broader market adjustments.

## **One-stop Production and Strategic Product Development**

Throughout 2025, the Group continued to advance and refine its one-stop, full-chain industrial layout. This vertically integrated model, which encompasses e-liquid R&D and production, core component manufacturing, proprietary product design, final assembly, and global logistics, is a key source of our competitive advantage. It has yielded significant synergies in production, enhanced delivery efficiency, and improved cost control, thereby strengthening our overall supply chain stability and risk resilience in a volatile environment. In response to evolving consumer preferences and the new regulatory paradigms, the Group's R&D efforts were sharply focused on innovation and compliance. We successfully launched several new proprietary products in 2025, each designed to address specific market needs.

## **Cost Control**

The Group has always sought to consolidate its core business and maximise efforts to control costs. Taking into account increases in the prices 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.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2025, the turnover of the Group was approximately RMB644.9 million, representing a decrease of approximately 16.3% over the same period in 2024. Sales of electronic cigarettes segment decreased by approximately 22.4% to approximately RMB534.4 million. The decrease was mainly due to the Group's adjustment of its sales strategies in various international markets during the year ended 31 December 2025 in response to the recent fluctuations in global e-cigarette regulations and international trade turmoil, which had a negative impact on sales orders especially in Asia (revenue was decreased by approximately 19.3% to approximately RMB413.0 million over the corresponding period in 2024) and Europe (revenue was decreased by approximately 37.8% to approximately RMB68.9 million over the corresponding period in 2024). Some Asia countries, such as Malaysia, the Philippines and Indonesia, implemented stricter frameworks, including mandatory product certifications, excise tax stamps, and graphic health warnings. In some Europe countries, regulatory authorities have tightened restrictions on e-cigarette flavors, marketing, and age verification. The Group will closely cooperate with major local distributors in targeted markets to timely cope with the effect of the recent fluctuations in global e-cigarettes regulations and international trade turmoil. Additionally, the Group will focus its resources on developing new overseas markets to increase revenue sources and diversify risks. In 2025, the Group has successfully developed new markets including Canada, Germany, France, the Netherlands, Georgia and Croatia.

The management believes that after the policies are matured in various countries, sales of electronic cigarettes segment will bring long-term and stable development to the Group, because the Group has well arranged the market layout and preparation with various local distributors in targeted markets.

Electronic cigarettes ancillary services segment including provision of transportation and custom clearance services of electronic cigarettes related products recorded a remarkable growth of approximately 35.0% to approximately RMB110.5 million during the year ended 31 December 2025 as compared with the corresponding period in 2024. The management believes that the electronic cigarettes ancillary services segment will bring a reliable source of income to the Group in the future.

The following table sets forth the breakdown of the revenue of the Company:

	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2025</b>	2024	Change (%)
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	(approximate)
Sales of electronic cigarettes	<b>534,427</b>	688,627	-22.4%
Electronic cigarettes ancillary services	<b>110,510</b>	81,850	+35.0%

The following table sets forth the breakdown of sales of electronic cigarettes of the Company by location:

	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2025</b>	2024	Change (%)
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	(approximate)
Asia	<b>413,007</b>	511,751	-19.3%
Americas	<b>50,693</b>	34,746	+45.9%
Europe	<b>68,923</b>	110,853	-37.8%
Other regions	<b>1,804</b>	31,277	-94.2%

## Gross Profit

In order to respond to the recent fluctuations in global e-cigarette regulations and international trade turmoil during the year ended 31 December 2025, the Group adjusted its sales strategies in various international markets and had a negative impact on profitability. As a result, the gross profit of the Company decreased by approximately 26.6% from approximately RMB208.8 million for the year ended 31 December 2024 to approximately RMB153.2 million for the year ended 31 December 2025. The gross profit margin of the Company decreased by approximately 3.3% from approximately 27.1% to approximately 23.8% as compared with the same period in 2024. The gross profit margin of sales of electronic cigarettes segment decreased by approximately 2.6% from approximately 29.4% to approximately 26.8% as compared with the same period in 2024, while the gross profit margin of electronic cigarettes ancillary services segment increased by approximately 1.8% from approximately 7.5% to approximately 9.3% as compared with the same period in 2024. The Group will closely cooperate with local distributors in targeted markets to timely respond to the recent fluctuations in e-cigarette regulations and to understand the flavor preference and needs on e-cigarette products for local consumers, in order to achieve stable growth in sales volume and selling price.

The following table sets forth the gross profit margin of the Company by segment:

	For the year ended		
	31 December		
	2025	2024	Change (%)
			(approximate)
Sales of electronic cigarettes	26.8%	29.4%	-2.6%
Electronic cigarettes ancillary services	9.3%	7.5%	+1.8%
Overall	<u>23.8%</u>	<u>27.1%</u>	<u>-3.3%</u>

## **Distribution Costs**

For the year ended 31 December 2025, distribution costs comprise: (i) delivery expenses for transportation of our products to customers; (ii) staff costs and benefits relating to our Group's sales and marketing personnel; (iii) expenses incurred in customer hospitality activities during our normal course of business; (iv) travelling expenses of our staff incurred for sales and distribution activities; (v) administrative expenses; and (vi) other selling and distribution related expenses. The costs decreased by approximately 24.3% from approximately RMB57.1 million for the year ended 31 December 2024 to approximately RMB43.3 million for the year ended 31 December 2025. The decrease was mainly due to the execution of a tight control on expenses of business traveling and customer hospitality activities by the Group and decrease of social promotion expenses during the year ended 31 December 2025.

## **Administrative Expenses**

For the year ended 31 December 2025, administrative expenses consist of (i) staff costs and benefits relating to our Group's administrative personnel; (ii) travelling expenses of administrative staff; (iii) depreciation expenses arising from daily operation; (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 our administrative operations. The expenses decreased by approximately 9.4% from approximately RMB114.5 million for the year ended 31 December 2024 to approximately RMB103.7 million for the year ended 31 December 2025. The decrease was mainly due to the execution of a tight control on expenses of business travelling by the Group and decrease on amortisation of right-of-use assets during the year ended 31 December 2025.

## **Other Income**

Other income mainly consists non-recurring government grant. The other income decreased by approximately RMB1.7 million to approximately RMB3.6 million during the year.

### **Other Gains — net**

For the year ended 31 December 2025, the net other gains primarily consist of gains/losses on disposal of subsidiaries. The net other gains increased by approximately RMB1.9 million from approximately RMB0.5 million for the year ended 31 December 2024 to approximately RMB2.4 million for the year ended 31 December 2025. Such increase was mainly due to the recognition of gain on disposal of two subsidiaries during the year ended 31 December 2025.

### **Finance Costs — net**

For the year ended 31 December 2025, the net finance costs primarily consist of interest income on bank deposits, interest payments on interest-bearing obligations and bank charges. The net finance costs decreased by approximately RMB0.1 million from approximately RMB4.1 million for the year ended 31 December 2024 to approximately RMB4.0 million for the year ended 31 December 2025.

### **Income Tax Credit/(Expense)**

The Group recorded an income tax credit of approximately RMB1.7 million for the year ended 31 December 2025 as compared to an income tax expense of approximately RMB9.7 million for the year ended 31 December 2024. The change was mainly due to the effect of: (i) decrease of the PRC corporate income tax because of the decrease of profit of the PRC subsidiaries; and (ii) recognition of deferred tax assets on lease liabilities and unused tax losses of the PRC subsidiaries during the year ended 31 December 2025.

### **Profit Attributable to Owners of the Company**

As a result of the foregoing, the Group's profit attributable to owners of the Company decreased by approximately RMB48.8 million to approximately RMB1.8 million for the year ended 31 December 2025 as compared with the corresponding period in 2024.

## **Trade and Other Receivables and Prepayments**

Trade and other receivables and prepayments decreased by approximately 7.8% from approximately RMB357.7 million as at 31 December 2024 to approximately RMB330.0 million as at 31 December 2025. The decrease was mainly attributable to the net effect of (i) increase of trade receivables from approximately RMB195.9 million as at 31 December 2024 to approximately RMB208.3 million as at 31 December 2025; (ii) decrease of deposits from approximately RMB56.4 million as at 31 December 2024 to approximately RMB29.5 million as at 31 December 2025; (iii) decrease of cash advance from approximately RMB69.3 million as at 31 December 2024 to approximately RMB39.5 million as at 31 December 2025; and (iv) increase of prepayments from approximately RMB13.6 million as at 31 December 2024 to approximately RMB34.2 million as at 31 December 2025.

## **Trade and Other Payables**

Trade and other payables decreased by approximately 5.1% from approximately RMB211.9 million as at 31 December 2024 to approximately RMB201.1 million as at 31 December 2025. The decrease was mainly attributable to the net effect of (i) increase of trade payables from approximately RMB128.8 million as at 31 December 2024 to approximately RMB147.3 million as at 31 December 2025; and (ii) decrease of notes payable from approximately RMB14.9 million as at 31 December 2024 to approximately RMB10.8 million as at 31 December 2025; and (iii) it was no other payable to non-controlling interests as at 31 December 2025 (31 December 2024: RMB30.0 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group recorded net current assets of approximately RMB240.9 million as at 31 December 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 year ended 31 December 2025. The Group's operations were principally financed by internal resources and interest-bearing borrowings during the year.

As at 31 December 2025, the Group's cash and cash equivalents, which were held mainly in Renminbi and Hong Kong dollars, were approximately RMB105.9 million, compared with approximately RMB275.1 million as at 31 December 2024.

### **Borrowings and Gearing Ratio**

The Group's interest-bearing borrowings was approximately RMB55.9 million as at 31 December 2025 (as at 31 December 2024: approximately RMB62.8 million). The Group's interest-bearing borrowings were mainly denominated in Renminbi. The Group's interest-bearing borrowings was repayable within 1 year. This ratio is calculated as net debt divided by total capital. The gearing ratios are as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Total borrowings	<b>55,879</b>	62,750
Less: cash and cash equivalents	<b>(105,870)</b>	(275,136)
Net cash	<b>(49,991)</b>	(212,386)
Total equity	<b>329,411</b>	492,296
Total capital	<b>713,596</b>	866,437
Gearing ratio (%)	<b>N/A</b>	N/A

It is the policy of the Group to adopt a consistently prudent financial management strategy. 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 year ended 31 December 2025, the Group's total capital expenditure amounted to approximately RMB16.6 million (2024: approximately RMB26.2 million), which was mainly used in purchase of 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.

## Assets pledged as security

The carrying amounts of assets pledged as security for notes payable and borrowings are as follows:

	<b>2025</b>	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Restricted cash	<u>20,954</u>	<u>13,426</u>
	<u>20,954</u>	<u>13,426</u>

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

On 6 September 2024, the Company, Master Bliss Holdings Limited (the "Purchaser") and Mr. Zhu Chunlin (the "Guarantor") entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase, 14,000 shares of Giant Harmony Limited (the "Target Company"), representing 70% of the issued share capital of the Target Company at the consideration of RMB115,000,000. The disposal was completed on 25 October 2024, therefore the paper cigarette and other paper packages segment is regarded as a discontinued operation. For details, please refer to the announcement of the Company dated 6 September 2024 and the circular of the Company dated 14 October 2024.

Save as disclosed above, there are no significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures by the Group for the year ended 31 December 2025 and 2024.

## **Contingent Liabilities**

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

## **Foreign Exchange Risks**

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB, and the Group has certain bank deposits, trade and other receivables, contract liabilities and trade and other payables that are denominated in currencies other than RMB (majority in Hong Kong dollars (“HKD”), and United States dollars (“USD”)), which are not exposed to significant foreign exchange risk. Management will monitor closely the foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arise.

## **HUMAN RESOURCES AND REMUNERATION**

As at 31 December 2025, the Group employed 736 employees (as compared with 825 employees as at 31 December 2024,) with total staff cost of approximately RMB120.7 million incurred for the year ended 31 December 2025 (as compared with approximately RMB164.2 million for the year ended 31 December 2024). The Group’s remuneration packages are generally structured with reference to market terms and individual merits.

## **ADEQUACY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Group maintained adequate public float throughout the year ended 31 December 2025.

## FUTURE OUTLOOK

Looking ahead to 2026, the Group maintains a prudently optimistic outlook. The Group acknowledges that the global e-cigarette industry will continue to navigate a dynamically evolving regulatory landscape and a complex global economic environment. The IMF projects global growth to hold steady at 3.3% in 2026, indicating a resilient yet cautious economic climate. Nevertheless, the Group firmly believes that the inexorable trend towards greater industry standardisation and stricter enforcement will ultimately create opportunities for well-capitalised, technologically advanced, and compliance-focused companies like ours. The ongoing market consolidation will decisively favour established players who possess integrated supply chains, well-established R&D capabilities, and a proven track record of quality and reliability. As the industry matures, the competitive focus is shifting from mere scale to a comprehensive contest of compliance, technological prowess, and brand integrity, a transition for which the Company is exceptionally well-prepared.

The Group's core strategies for 2026 and beyond are centered on four key pillars, designed to fortify its market position and drive sustainable, long-term growth:

- i) **Proactive Compliance as a Cornerstone for Growth:** The Group will continue to place compliance at the absolute forefront of its business development. Its strategy is not merely to react to new regulations, but to proactively anticipate them. The Group is committed to significant, ongoing investment in its internal regulatory affairs and quality assurance teams to ensure it can adapt to the diverse and evolving legal frameworks of different countries. This commitment to pre-emptive compliance will serve as a key differentiator, integral to securing and expanding the Company's market access globally. In additions, the Group is actively recruiting industry talent across key markets to enhance product design and new product development.
- ii) **Strengthen our supply chain advantages:** The Group will leverage its one-stop, full-chain industrial layout to accelerate its R&D and innovation pipeline, focusing on the development of next-generation products that meet the highest standards of safety and reliability while offering superior user experiences. In response to evolving consumer preferences — which are shifting from a singular focus on flavor to a more holistic appreciation for product safety, compliance, and performance stability — the Company's R&D efforts are strategically targeted to

enhance customer loyalty and capture high-value market segments through an innovative and differentiated product portfolio. To further strengthen this competitive edge, the Group aims to upgrade and establish a more comprehensive global supply chain by setting up production facilities and recruiting specialized talent directly within targeted overseas markets. This localized approach allows the Group to stay closer to its customers, refine product design based on regional insights, and ensure all operations strictly align with the evolving regulatory requirements and product policies of each specific market.

- iii) **Globalisation and Strategic Diversification:** While consolidating the Group's position in its existing key markets, it will continue to execute its strategy of global market diversification. The Group will actively explore new and emerging markets that demonstrate clear long-term growth potential and a stable, predictable regulatory trajectory. This strategy not only opens up new revenue streams but also further de-risks the Group's business by reducing reliance on any single market. To achieve this, the Group prioritizes collaboration with established distributors who possess their own proprietary channels in various regions, or with established enterprises that hold unique resources and competitive advantages in the industry. Furthermore, the Group seeks to partner with established players in the market on cooperation projects specifically focused on novel and emerging nicotine and tobacco products, leveraging their expertise to strengthen its business development.
- iv) **Business Expansion Strategy:** The Group is actively leveraging its extensive industry experience and global networks to expand our business footprint. By identifying and pursuing new investment opportunities within other tobacco-related segments, we aim to diversify our portfolio and capture emerging market potential. A key focus of this strategy involves the development of novel and emerging nicotine and tobacco products. By integrating these new product types and extending our reach into innovative business segments, the Group is strategically positioned to catch the next wave of industry growth and drive long-term value.

By adhering to these strategic pillars, the Group is confident in its ability to navigate the complexities of the market, enhance its competitive resilience, and achieve sustainable, long-term growth for its shareholders. The Company is committed to building a future-proof business that is not only profitable but also responsible and sustainable.

## **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, Sale 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 on the Stock Exchange or any other stock exchange, by private arrangement or by general offer throughout the year ended 31 December 2025.

### **Corporate Governance**

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has complied with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules for the year ended 31 December 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 enquiry 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 year ended 31 December 2025.

## **REVIEW OF ANNUAL RESULTS**

The Group's annual results for the year ended 31 December 2025 have been reviewed by the audit committee of the Company, 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 current members of the audit committee of the Company are Mr. Wang Ping (chairman), Ms. Guo Wei and Mr. Gong Jinjun.

## **FINAL DIVIDEND**

Having considered the Group's operating results, liquidity position, capital requirements and planned investments, the Board is of the view that retaining resources will better position the Group to capture market opportunities and enhance long-term shareholder value.

In view of the above, the Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: nil).

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting is scheduled to be held on Thursday, 18 June 2026.

For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 12 June 2026 to Thursday, 18 June 2026, both days inclusive. In order to qualify for the right to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 11 June 2026.

## **SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed with the Group's auditor, SHINEWING (HK) CPA Limited. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

## **PUBLICATION OF ANNUAL RESULTS**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.jiayaoholdings.com](http://www.jiayaoholdings.com). The Company's 2025 annual report will be published on the aforementioned websites in due course.

## **ACKNOWLEDGEMENT**

The chairman of the Board would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as the shareholders of the Company for their support to the Group.

On behalf of the Board  
**Jia Yao Holdings Limited**  
**Yang Yoong An**  
*Chairman and Executive Director*

Hong Kong, 27 March 2026

*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.*