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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 2026

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2026 increased by approximately 30.7% or RMB79.9 million to approximately RMB340.4 million as compared with the corresponding period in 2025.
- Gross profit for the six months ended 30 June 2026 increased by approximately 63.8% or RMB36.9 million to approximately RMB94.7 million as compared with the corresponding period in 2025.
- Gross profit margin for the six months ended 30 June 2026 increased by approximately 5.6% from approximately 22.2% to approximately 27.8% as compared with the corresponding period in 2025.
- Net profit after tax was approximately RMB13.0 million for the six months ended 30 June 2026 as compared to net loss after tax was approximately RMB22.2 million for the six months ended 30 June 2025.
- Profit attributable to owners of the Company was approximately RMB6.0 million for the six months ended 30 June 2026 as compared to loss attributable to owners of the Company was approximately RMB16.8 million for the six months ended 30 June 2025.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: 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 2026 together with the comparative figures for the corresponding period in 2025.

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 2026

		Six Months ended 30 June	
		2026	2025
		Unaudited	Unaudited
	<i>Note</i>	RMB’000	RMB’000
Revenue	3	340,353	260,459
Cost of sales	4	(245,621)	(202,617)
Gross profit		94,732	57,842
Distribution costs	4	(18,406)	(23,648)
Administrative expenses	4	(53,025)	(53,181)
Net impairment losses on financial assets		(2,018)	(2,525)
Other income		487	1,485
Other (losses)/gains — net		(2,275)	979
Operating profit/(loss)		19,495	(19,048)
Finance income		379	1,037
Finance costs		(1,865)	(2,877)
Finance costs — net		(1,486)	(1,840)
Profit/(loss) before income tax		18,009	(20,888)
Income tax expenses	5	(5,003)	(1,328)
Profit/(loss) for the period		13,006	(22,216)

		Six Months ended 30 June	
		2026	2025
		Unaudited	Unaudited
<i>Note</i>		RMB'000	RMB'000
Profit/(loss) attributable to:			
	— Owners of the Company	5,996	(16,751)
	— Non-controlling interests	7,010	(5,465)
		<u> </u>	<u> </u>
Other comprehensive income/(loss)			
	Currency translation differences	273	(1,326)
		<u> </u>	<u> </u>
Total comprehensive income/(loss) for the period		13,279	(23,542)
		<u> </u>	<u> </u>
Total comprehensive income/(loss) for the period attributable to:			
	— Owners of the Company	6,269	(18,077)
	— Non-controlling interests	7,010	(5,465)
		<u> </u>	<u> </u>
		13,279	(23,542)
		<u> </u>	<u> </u>
Earnings/(loss) per share attributable to owners of the Company			
	— Earnings/(loss) per share	0.010	(0.028)
	— Diluted earnings/(loss) per share	0.010	(0.028)
		<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		As at 30 June 2026 Unaudited <i>RMB'000</i>	As at 31 December 2025 Audited <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		46,393	49,298
Right-of-use assets		44,816	71,945
Intangible assets		16,533	2,968
Deferred income tax assets		6,978	7,291
Prepayment for property, plant and equipment		2,211	2,305
		<u>116,931</u>	<u>133,807</u>
Current assets			
Inventories		129,152	113,001
Trade and other receivables and prepayments	7	359,784	329,964
Financial assets at fair value through profit or loss		–	10,000
Restricted cash		5,423	20,954
Cash and cash equivalents		51,043	105,870
		<u>545,402</u>	<u>579,789</u>
Total assets		<u><u>662,333</u></u>	<u><u>713,596</u></u>

		As at 30 June 2026 Unaudited <i>RMB'000</i>	As at 31 December 2025 Audited <i>RMB'000</i>
	<i>Note</i>		
EQUITY			
Equity attributable to the owners of the Company			
Share capital		5,120	5,120
Other reserves		110,770	108,907
Retained earnings		172,730	168,324
		<u>288,620</u>	<u>282,351</u>
Non-controlling interests		60,378	47,060
		<u>60,378</u>	<u>47,060</u>
Total equity		<u>348,998</u>	<u>329,411</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		28,145	44,615
Deferred income tax liabilities		4,021	718
		<u>32,166</u>	<u>45,333</u>
Current liabilities			
Trade and other payables	8	152,735	201,106
Contract liabilities		38,173	41,456
Income tax payable		14,677	14,093
Borrowings		61,019	55,879
Lease liabilities		14,565	26,318
		<u>281,169</u>	<u>338,852</u>
Total liabilities		<u>313,335</u>	<u>384,185</u>
Total equity and liabilities		<u>662,333</u>	<u>713,596</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

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. Its immediate and ultimate holding company is Spearhead Leader Limited, a limited company incorporated in the British Virgin Islands (the “**BVI**”).

The Company and its subsidiaries (together, the “**Group**”) are engaged in the design, production and sales of electronic cigarettes and related products, and provision of 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 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.

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 28 August 2026.

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 2026 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 2025, 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 2025, 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 2026 for the Group:

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

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 2026 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
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 and related products	—	technology research and development, production and sales of e-cigarettes, e-cigarettes vaping devices and other related 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 condensed consolidated statement of comprehensive income.

The segment results for the six months ended 30 June 2026:

	Sales of electronic cigarettes and related products Unaudited RMB'000	Electronic cigarettes ancillary services Unaudited RMB'000	Total Unaudited RMB'000
Revenue	299,698	40,655	340,353
Gross profit	91,260	3,472	94,732
Distribution costs	(18,406)	—	(18,406)
Segment results	72,854	3,472	76,326
Administrative expenses			(53,025)
Net impairment losses on financial assets			(2,018)
Other income			487
Other losses			(2,275)
Finance costs — net			(1,486)
Profit before income tax			18,009

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

	Sales of electronic cigarettes and related products Unaudited <i>RMB'000</i>	Electronic cigarettes ancillary services Unaudited <i>RMB'000</i>	Total Unaudited <i>RMB'000</i>
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>(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>

(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 2026 Unaudited <i>RMB'000</i>	As at 31 December 2025 Audited <i>RMB'000</i>
Mainland China	109,748	126,266
Hong Kong	<u>205</u>	<u>250</u>
	<u>109,953</u>	<u>126,516</u>

(d) Segment revenue by location

	Six Months ended 30 June	
	2026	2025
	Unaudited RMB'000	Unaudited RMB'000
Asia	271,443	205,372
Americas	14,514	8,354
Europe	50,503	36,476
Other regions	3,893	10,257
	<u>340,353</u>	<u>260,459</u>

4 EXPENSES BY NATURE

	Six Months ended 30 June	
	2026	2025
	Unaudited RMB'000	Unaudited RMB'000
Operating profit/(loss) for the period has been arrived at after charging:		
Raw materials and consumables used	218,683	173,316
Changes in inventories of finished goods and work in progress	(8,126)	6,857
Employee benefits expenses	66,780	56,358
Transportation cost and travel expenses	4,432	5,575
Social promotion expense	4,685	7,705
Energy and water expense	2,241	2,166
Depreciation	8,053	6,643
Amortisation	7,930	11,492
Real estate tax, stamp duties and other taxes	2,407	913
Professional service expense	3,901	2,675
Office expense	1,434	2,570
Operating lease rentals in respect of rented premises	2,688	1,144
Write-down and provision of inventories	–	490
Other operating expenses	1,944	1,542
	<u>317,052</u>	<u>279,446</u>
Total cost of sales, distribution costs and administrative expenses		

5 INCOME TAX EXPENSES

	Six Months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax	<u>(4,838)</u>	<u>(1,720)</u>
Deferred income tax		
— Deferred tax assets	<u>(165)</u>	<u>392</u>
Income tax expenses	<u><u>(5,003)</u></u>	<u><u>(1,328)</u></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. There is no assessable profit derived from Hong Kong for both periods.

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 2026 (2025: 15%).

The remaining subsidiaries established in the PRC are subject to the PRC CIT rate of 25% (2025: 25%).

6 EARNINGS PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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	
	2026	2025
	Unaudited RMB'000	Unaudited RMB'000
Profit/(loss) attributable to the owners of the Company (RMB'000)	<u>5,996</u>	<u>(16,751)</u>
Weighted average number of ordinary shares in issue ('000)	<u>600,000</u>	<u>600,000</u>
Basic earnings/(loss) per share (RMB)	<u><u>0.010</u></u>	<u><u>(0.028)</u></u>

As the Company did not have any dilutive potential ordinary shares outstanding as at 30 June 2026, diluted loss per share is equal to basic loss per share.

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Trade receivables	244,483	228,968
Less: loss allowance for trade receivables	<u>(22,800)</u>	<u>(20,663)</u>
	<u>221,683</u>	<u>208,305</u>
Note receivable	95	1,648
Less: loss allowance for notes receivables	<u>–</u>	<u>(1)</u>
	<u>95</u>	<u>1,647</u>
Deposits	31,212	29,512
Cash advances	25,035	39,480
Value added tax and income tax recoverable	7,055	12,678
Advance to employees	13,474	5,375
Other receivables	9,407	3,254
Less: loss allowance for other receivables	<u>(4,099)</u>	<u>(4,473)</u>
	<u>82,084</u>	<u>85,826</u>
Other receivable included in current assets	<u>82,084</u>	<u>85,826</u>
Prepayments	<u>55,922</u>	<u>34,186</u>
Total	<u>359,784</u>	<u>329,964</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 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
0 to 90 days	155,766	182,278
91 to 180 days	20,864	9,400
181 to 365 days	32,009	5,233
Over 1 year	35,844	32,057
	<u>244,483</u>	<u>228,968</u>

8 TRADE AND OTHER PAYABLES

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Trade payables	118,704	147,303
Notes payable	1,444	10,795
Salary payables	6,936	6,649
Other tax payables	16,446	17,134
Others	9,205	19,225
	<u>152,735</u>	<u>201,106</u>
Total trade and other payables	<u>152,735</u>	<u>201,106</u>

As at 30 June 2026 and 31 December 2025, 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 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Up to 6 months	106,874	145,718
6 months to 1 year	11,513	92
1 year to 2 years	179	272
Over 2 years	138	1,221
	118,704	147,303

9 SUBSEQUENT EVENTS

On 12 August 2026, the Company (as purchaser) entered into a sale and purchase agreement with the vendor, Ninety Kilometers Holding Limited, and the guarantor, pursuant to which the Company conditionally agreed to acquire, and the vendor conditionally agreed to sell, 80% of the total issued share capital of the target company, Ninety Investment Holding Limited, for a maximum consideration of HK\$430,500,000, payable by the allotment and issue of up to 20,500,000 consideration shares to the vendor at an issue price of HK\$21.00 per share. The target group is principally engaged in AI-driven internet game development and publishing, as well as enterprise-level AI application-related services. The acquisition is in line with the Company's long-term strategy to diversify its business portfolio beyond the electronic cigarette business.

As at the date of this interim results announcement, the above acquisition had not yet been completed and is subject to the satisfaction (or waiver, as applicable) of the conditions precedent set out in the sale and purchase agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global economy in the first half of 2026 continued to navigate a complex and structurally adjusting landscape, characterised by a synchronised slowdown and persistent geopolitical headwinds. According to the World Economic Outlook published by International Monetary Fund (“**IMF**”) in April 2026, global growth is projected to remain subdued at 3.1% in 2026 and 3.2% in 2027, falling below historical averages. In June 2026, the Organisation for Economic Co-operation and Development (“**OECD**”) revised its global GDP growth projection for 2026 downward to 2.8% under its time-limited disruption scenario, citing conflicts in the Middle East, elevated energy prices and renewed inflationary pressures that have constrained real incomes and dampened consumer confidence across advanced and emerging markets. Consequently, global consumption patterns have become increasingly rational and pragmatic, exhibiting a pronounced shift towards high-value, compliant and durable products.

Within this macroeconomic context, the global e-cigarette industry is undergoing a profound structural transformation, driven by accelerating regulatory standardisation and market consolidation. The long-term growth trajectory remains highly promising — industry forecasts project the global e-cigarette and vape market to expand from USD45.7 billion in 2025 to USD59.2 billion in 2026, ultimately reaching USD462.1 billion by 2033 at a compound annual growth rate (“**CAGR**”) of 34.1%.

BUSINESS REVIEW

The Group now operates as an e-cigarette and related products enterprise with a one-stop, full-chain industrial layout. During the reporting period, this sharpened strategic focus translated into a decisive financial turnaround. Notwithstanding the convergence of tighter regulatory oversight in the Americas, tax and flavour restrictions across Europe, and delayed certification processes in certain Southeast Asian markets, which collectively prompted short-term order fluctuations and shipment adjustments across the industry, the Group successfully converted this period of industry-wide regulatory consolidation into a compelling opportunity for market share gains and a return to profitability. By adhering to a strategy of proactive compliance, technological differentiation, and deep localized cooperation, the Group not only preserved the stability of its core business fundamentals but also positioned itself to capture high-quality demand migrating from non-compliant operators.

The strength of this strategy is clearly reflected in the Group's interim results. For the six months ended 30 June 2026, the Group recorded revenue of RMB340.4 million, representing an increase of 30.7% as compared with the corresponding period in 2025, and profit attributable to owners of the Company of RMB6.0 million, representing an increase of 135.8% as compared with the corresponding period in 2025. The growth in revenue was primarily driven by the overall recovery of the e-cigarette segment, underpinned by a strong surge in export sales across key international markets. During the period, revenue from the Americas, Europe, and Asia recorded remarkable year-on-year growth of approximately 73.7%, 38.5%, and 32.2%, respectively. These operational achievements provide clear validation of the Group's compliance-led, technology-driven, and export-focused business strategy, which continues to translate operational resilience into sustainable, high-quality earnings.

Furthermore, building upon its momentum, the Group's e-vapor microcontroller unit ("MCU") and control chip business achieved further robust growth during the first half of 2026. Sales revenue increased substantially by approximately 62.2% compared to the corresponding period in 2025, primarily driven by ongoing enhancements in product design, superior solution reliability, and elevated market recognition among major customers. This technical edge translated into a surge in order volumes and a higher proportion of premium solutions delivered, which concurrently propelled a strong increase in gross profit and gross margin for the segment during the reporting period.

Sales and Distribution

During the reporting period, the Group maintained a highly diversified geographic footprint, deliberately avoiding over-concentration in any single market and thereby mitigating its exposure to regional policy shifts. Asia remained the Group's principal export destination, accounting for approximately 79.8% of export sales (corresponding period in 2025: approximately 78.9%), a broadly stable anchor providing scale, resilience and recurring demand. The Americas represented the clearest source of incremental momentum, with its share of export sales rising by approximately 1.1% to approximately 4.3% (2025: approximately 3.2%). Actively capitalising on market consolidation driven by heightened regulatory enforcement, the Group offered an integrated solution comprising “factory compliance, regulatory filing support, and localised distribution,” successfully absorbing high-quality orders migrating from non-compliant small and medium-sized enterprises. Europe's share increased to approximately 14.8% (2025: approximately 14.0%), reflecting the Group's disciplined, compliance-first recalibration ahead of new European vaping tax regimes and broader flavour restrictions — a deliberate trade of short-term volume for the quality and durability of future revenue. Rather than pursuing aggressive and indiscriminate expansion, the Group concentrated on deepening its penetration within existing markets; the resulting shift in sales mix towards higher-margin export business directly underpinned the improvement in gross profit margin achieved during the period.

In Europe, in response to the impending new European vaping tax regimes and broader flavour bans, the Group implemented a highly tailored “one-country, one-policy” approach, reallocating production capacity towards compliant open-system and pod-based devices, developing permitted flavours for restricted markets, redesigning product packaging to meet new duty stamp requirements. Through close collaboration with established overseas distributors and the implementation of a client compliance rating system, the Group fortified its market share and ensured the continuous and compliant delivery of its proprietary brands, including Hi5, Hyper Bar, Instabar and Instapod.

One-stop Production and Strategic Product Development

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. Recently, we successfully launched several new proprietary products, each designed to address specific market needs.

Cost Control

The Group has consistently prioritised operational efficiency and rigorous cost management to protect profit margins in a challenging macroeconomic environment. During the first half of 2026, the Group implemented a comprehensive suite of cost-control measures across its manufacturing operations. These included the refinement of a “design-to-cost” and “production-to-order” framework, ensuring that automated manufacturing requirements were fully integrated into the initial product design phase.

The Group strengthened its procurement efficiency by implementing a stringent supplier qualification system and engaging in competitive negotiations for raw materials. These strategic initiatives yielded remarkable improvements in production line efficiency and capacity utilisation, effectively mitigating the inflationary pressures on raw materials and the increased compliance costs associated with global regulatory filings.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2026, the turnover of the Group was approximately RMB340.4 million, representing an increase of approximately 30.7% over the corresponding period in 2025, among which revenue from sales of electronic cigarettes and related products segment and electronic cigarettes ancillary services segment accounted for approximately 88.1% and 11.9% of total revenue, respectively. Sales of electronic cigarettes and related products segment increased by approximately 35.6% to approximately RMB299.7 million, which was mainly due to the strong growth of the Group's e-vapor MCU and control chip business during the six months ended 30 June 2026 and the recovery of e-cigarettes business as compared with the corresponding period ended 30 June 2025. Firstly, the Group's e-vapor MCU and control chip business achieved further robust growth during the first half of 2026, primarily driven by ongoing enhancements in product design, superior solution reliability, and elevated market recognition among major customers. This technical edge translated into a surge in order volumes and a higher proportion of premium solutions delivered, which concurrently propelled a strong increase in sales and gross margin for the segment during the six months ended 30 June 2026. In additions, the growth in revenue was also attributable to the overall recovery of the e-cigarettes segment, driven by a strong surge in export sales across key international markets. During the period, revenue from the Americas, Europe, and Asia recorded remarkable year-on-year growth of approximately 73.7%, 38.5%, and 32.2%, respectively. These operational achievements demonstrate the efficacy of the Group's compliance-led, technology-driven, and export-focused business strategy, which continues to convert operational resilience into high-quality, sustainable earnings. Electronic cigarettes ancillary services segment including provision of transportation and custom clearance services of electronic cigarettes related products recorded a growth of approximately 3.0% to approximately RMB40.6 million during the six months ended 30 June 2026 as compared with the corresponding period in 2025.

The following table sets forth the breakdown of the Group's revenue:

	For the six months ended		
	30 June		
	2026	2025	Change (%)
	<i>RMB'000</i>	<i>RMB'000</i>	(approximate)
	(Unaudited)	(Unaudited)	
Sales of electronic cigarettes and related products	299,698	221,007	+35.6%
Electronic cigarettes ancillary services	40,655	39,452	+3.0%

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

	Six Months ended		
	30 June		
	2026	2025	Change (%)
	<i>RMB'000</i>	<i>RMB'000</i>	(approximate)
	(Unaudited)	(Unaudited)	
Asia	271,443	205,372	+32.2%
Americas	14,514	8,354	+73.7%
Europe	50,503	36,476	+38.5%
Other regions	3,893	10,257	-57.7%

Gross Profit

The Group's gross profit increased by approximately 63.8% from approximately RMB57.8 million for the six months ended 30 June 2025 to approximately RMB94.7 million for the six months ended 30 June 2026. The Group's gross profit margin increased by approximately 5.6% from approximately 22.2% to approximately 27.8% as compared with the corresponding period in 2025. The gross profit margin of sales of electronic cigarettes and related products segment increased by approximately 5.8% from approximately 24.7% to approximately 30.5% as compared with the same period in 2025, while the gross profit margin of electronic cigarettes ancillary services segment increased by approximately 0.1% from approximately 8.4% to approximately 8.5% as compared with the same period in 2025. 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 six months ended		
	30 June		
	2026	2025	Change (%) (approximate)
Sales of electronic cigarettes and related products	30.5%	24.7%	+5.8%
Electronic cigarettes ancillary services	8.5%	8.4%	+0.1%
Overall	27.8%	22.2%	+5.6%

Distribution Costs

For the six months ended 30 June 2026, 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 22.2% from approximately RMB23.6 million for the six months ended 30 June 2025 to approximately RMB18.4 million for the six months ended 30 June 2026. 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 six months ended 30 June 2026.

Administrative Expenses

For the six months ended 30 June 2026, 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 0.3% from approximately RMB53.2 million for the six months ended 30 June 2025 to approximately RMB53.0 million for the six months ended 30 June 2026.

Other Income

For the six months ended 30 June 2026, other income mainly consists of non-recurring government grants and tax incentives from government and it decreased by approximately RMB1.0 million to approximately RMB0.5 million for the six months ended 30 June 2026. Decrease of other income was mainly due to the decrease of tax incentives received by PRC subsidiaries during the six months ended 30 June 2026.

Other Losses, net

For the six months ended 30 June 2026, net other losses consist of loss on disposal of raw materials and loss on early termination of leases of right-of-use assets. The Group's net other losses was approximately RMB2.3 million for the six months ended 30 June 2026 as compared to the net other gains of approximately RMB1.0 million for the six months ended 30 June 2025. Increase of net other losses was mainly due to the increase of loss on early termination of leases of manufacturing premises during the six months ended 30 June 2026.

Finance Costs, net

For the six months ended 30 June 2026, net finance cost primarily consisted of interest income on bank deposits and interest payment on bank and other borrowings and it decreased by approximately RMB0.4 million to approximately RMB1.5 million for the six months ended 30 June 2026. Decrease of net finance costs was mainly due to the decrease of interest on bank borrowings during the six months ended 30 June 2026.

Income Tax Expenses

The income tax expenses increased by approximately RMB3.7 million to approximately RMB5.0 million as compared with the corresponding period in 2025. Increase of income tax expenses was mainly due to the increase of net profit generated by the subsidiaries in China during the six months ended 30 June 2025.

Profit Attributable to Owners of the Company

As a result of the foregoing, the Group's profit attributable to owners of the Company was approximately RMB6.0 million for the six months ended 30 June 2026 as compared to loss attributable to owners of the Company was approximately RMB16.8 million for the six months ended 30 June 2025.

Trade and Other Receivables and Prepayments

Trade and other receivables and prepayments increased by approximately 9.0% from approximately RMB330.0 million as at 31 December 2025 to approximately RMB359.8 million as at 30 June 2026. The increase was mainly due to: (i) the increase of trade receivables from approximately RMB208.3 million as at 31 December 2025 to approximately RMB221.7 million as at 30 June 2026 and (ii) increase of prepayments from approximately RMB34.2 million as at 31 December 2025 to approximately RMB55.9 million as at 30 June 2026.

Trade and Other Payables

Trade and other payables decreased by approximately 24.1% from approximately RMB201.1 million as at 31 December 2025 to approximately RMB152.7 million as at 30 June 2026. The decrease was mainly due to: (i) the decrease of trade payables from approximately RMB147.3 million as at 31 December 2025 to approximately RMB118.7 million as at 30 June 2026; and (ii) decrease of notes payables from approximately RMB10.8 million as at 31 December 2025 to approximately RMB1.4 million as at 30 June 2026.

LIQUIDITY AND FINANCIAL RESOURCES

The Group recorded net current assets of approximately RMB264.2 million as at 30 June 2026, compared with net current assets of approximately RMB240.9 million as at 31 December 2025. The Group maintained a healthy liquidity position during the six months ended 30 June 2026. The Group's operations were principally financed by internal resources and interest-bearing borrowings during the period under review.

As at 30 June 2026, the Group's cash and cash equivalents, which were held mainly in Renminbi and Hong Kong dollars, were approximately RMB51.0 million, compared with approximately RMB105.9 million as at 31 December 2025.

Borrowings and Gearing Ratio

The Group's interest-bearing borrowings were RMB61.0 million as at 30 June 2026 (as at 31 December 2025: approximately RMB55.9 million). The Group's interest-bearing borrowings were mainly denominated in Renminbi as at 30 June 2026 and 31 December 2025. 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 2026 RMB'000	As at 31 December 2025 RMB'000
Total borrowings	61,019	55,879
Less: cash and cash equivalents	(51,043)	(105,870)
Net cash	9,976	(49,991)
Total equity	348,998	329,411
Total capital	662,333	713,596
Gearing ratio (%)	1.5%	N/A

As at 30 June 2026, the Group's cash and cash equivalents was approximately RMB51.0 million (as at 31 December 2025: approximately RMB105.9 million). The decrease was primarily driven by net operating cash outflows of approximately RMB57.6 million due to working capital movements and net financing cash outflows of approximately RMB2.2 million, partially offset by net investing cash inflows of approximately RMB4.7 million. Notwithstanding the decrease, the Group continues to adopt a prudent financial management strategy, maintaining sufficient liquidity with appropriate borrowing levels to support its operational and investment needs.

Capital Expenditure

During the six months ended 30 June 2026, the Group's total capital expenditure amounted to approximately RMB4.8 million (for the six months ended 30 June 2025: RMB6.5 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 2026 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>
Restricted cash	<u>5,423</u>	<u>20,954</u>
	<u>5,423</u>	<u>20,954</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 2026.

Contingent Liabilities

As at 30 June 2026, the Group did not have any significant contingent liabilities (as at 31 December 2025: 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 30 June 2026, the Group employed 778 employees (as compared with 736 employees as at 31 December 2025) with total staff cost of approximately RMB66.8 million incurred for the six months ended 30 June 2026 (as compared with approximately RMB56.4 million for the same period of 2025). 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 2026 (for the six months ended 30 June 2025: nil).

FUTURE OUTLOOK

Looking ahead to the second half of 2026 and beyond, the global e-cigarette industry is poised for sustained, albeit more regulated, growth. While the era of explosive, unregulated expansion has concluded, the sector remains the core growth engine within the broader nicotine market, as the traditional combustible cigarette segment continues its structural decline. According to research by Goldman Sachs, electronic cigarettes are projected to eventually capture larger market share among all tobacco products, driven by rising global health awareness and the persistent demand for harm-reduction alternatives.

Growth will, nevertheless, remain inextricably linked to compliance. The regulatory divergence witnessed in the first half of 2026 — characterized by increasingly stringent compliance frameworks, varying localized restrictions, and evolving taxation and environmental standards across global markets — will continue to define the operational landscape. This environment heavily favours industry leaders equipped with robust capital, comprehensive compliance intelligence, and full-chain manufacturing capabilities. Market share will inevitably concentrate in the hands of enterprises capable of executing refined, localized operations.

In response to these dynamics, the Group's strategic roadmap rests upon several core pillars. First, proactive compliance will remain the absolute cornerstone of our operations. The Group will fully integrate global regulatory filings, recurring product listings, and international compliance standards into its routine factory management and front-end product development, ensuring all new initiatives are pre-aligned with target market mandates to avoid costly retroactive modifications. Second, the Group will accelerate its technological leadership, focusing on sustainable, biodegradable materials, advanced atomisation efficiency to reduce e-liquid consumption (a critical advantage under volume-based taxation regimes), and sophisticated age-verification systems.

Last but not the least, to navigate trade uncertainties and tariff risks, the Group is reinforcing its supply chain resilience while actively driving and capitalizing on market consolidation within the vaping sector. This strategic focus fortifies our global delivery capabilities and accelerates export growth across key overseas markets.

To enhance business resilience and diversify beyond our traditional e-cigarette segment, the Group is exploring high-potential, sustainable investment opportunities. By leveraging a rigorous evaluation framework, management seeks to acquire or partner with high-quality assets capable of driving long-term capital appreciation. This proactive investment approach aims to broaden our revenue base and maximize risk-adjusted returns for our shareholders.

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 2026.

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 to 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 2026.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code 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 2026.

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 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 2026 have not been reviewed by the Company's auditor, but have been reviewed by the 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 2025 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 2026 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, 28 August 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.

* *For identification purposes only*