JIA YAO HOLDINGS LIMITED

嘉耀控股有限公司

(Incorporated in the Cayman Islands with Limited Liability)
Stock Code : 01626

INTERIM REPORT 2026

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FINANCIAL HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of Jia Yao Holdings Limited (the "Company") 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.

- 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 increased by approximately 5.6% from approximately 22.2% for the six months ended 30 June 2025 to approximately 27.8% for the six months ended 30 June 2026.
- Net profit after tax was approximately RMB13.0 million for the six months ended 30 June 2026 as compared to net loss after tax of 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 of approximately RMB16.8 million for the six months ended 30 June 2025.
- Average trade and note receivables turnover days decreased from approximately 125 days for the year ended 31 December 2025 to approximately 115 days for the six months ended 30 June 2026.
- Average trade and note payables turnover days decreased from approximately 112 days for the year ended 31 December 2025 to approximately 103 days for the six months ended 30 June 2026.
- Average inventory turnover days increased from approximately 73 days for the year ended 31 December 2025 to approximately 89 days for the six months ended 30 June 2026.
- 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).

Notes:

(i) Gross profit margin was calculated based on gross profit for the period divided by the revenue for the period.

(ii) Average trade and note receivables turnover days were calculated as the average of the beginning and ending of trade and note receivables balance of the year end/period end divided by the revenue for the year/period and multiplied by the number of days for the year/period (365 days for the year ended 31 December 2025 and 181 days for the six months ended 30 June 2026).

(iii) Average trade and note payables turnover days were calculated as the average of the beginning and ending of trade and note payables balance of the year end/period end divided by the cost of sales for the year/period and multiplied by the number of days for the year/period (365 days for the year ended 31 December 2025 and 181 days for the six months ended 30 June 2026).

(iv) Average inventory turnover days were calculated as the average of the beginning and ending of inventories balance of the year end/period end divided by the cost of sales for the year/period and multiplied by the number of days for the year/period (365 days for the year ended 31 December 2025 and 181 days for the six months ended 30 June 2026).

Board of Directors

Executive Directors

Mr. Yang Yoong An *(Chairman)*
Mr. Li Lin

Non-executive Director

Mr. Yang Fan

Independent Non-executive Directors

Mr. Gong Jinjun
Mr. Wang Ping
Ms. Guo Wei

Company Secretary

Mr. Wu Hung Wai *(HKICPA)*

Registered Office

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road, Grand Cayman
KY1–1205
Cayman Islands

Headquarter and Principal Place of Business in the PRC

Suite 6, 19/F., Building F, Nanshan Zhigu
Industrial Park, 3157 Shahe West Road
Nanshan District, Shenzhen City
Guangdong Province, China

Principal Place of Business in Hong Kong

Suite 2812, 28th Floor, Tower Two, Times Square
No.1 Matheson Street, Causeway Bay
Hong Kong

Audit Committee

Mr. Wang Ping *(Chairman)*
Mr. Gong Jinjun
Ms. Guo Wei

Remuneration Committee

Mr. Gong Jinjun *(Chairman)*
Mr. Yang Fan
Mr. Wang Ping

Nomination Committee

Mr. Yang Yoong An *(Chairman)*
Mr. Gong Jinjun
Ms. Guo Wei

Corporate Website

www.jiayaoholdings.com

Authorised Representatives

Mr. Yang Fan
Mr. Wu Hung Wai

Principal Bankers

China Merchants Bank Shenzhen Branch
Bank of China (Hong Kong) Limited

Principal Share Registrar and Transfer Office

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion, Hibiscus Way
802 West Bay Road,
Grand Cayman, KY1–1205
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Legal Adviser as to Hong Kong Laws

Loong & Yeung
Room 1603, 16th Floor, China Building
29 Queen's Road Central
Central, Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
17/F., Chubb Tower, Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim report of the Company for the six months ended 30 June 2026.

The first half of 2026 represented a profoundly transformative epoch for the global e-cigarette industry, unfolding against a complex tableau of macroeconomic crosscurrents, persistent geopolitical frictions, and a gradual, albeit uneven, global economic recovery. The industry reached a pivotal regulatory milestone, transitioning from rapid expansion to a mature, compliance-driven operational model across most regions. The introduction of stringent regulatory frameworks across principal international markets — spanning product specifications, flavour profiles, and cross-border trade — is fundamentally reshaping the competitive landscape. Barriers to entry are rising, non-compliant capacity is being eliminated, and market share is consolidating in favour of established, technologically sophisticated, and fully compliant manufacturers. While this regulatory tightening inevitably gives rise to short-term volatility and order fluctuations across the sector, the Board regards this structural shift as a powerful validation of the Group's long-held strategy — a "flight to quality" that plays directly to the Group's strengths.

During the period under review, the Group eschewed indiscriminate pursuit of scale in favour of a highly disciplined strategy anchored in proactive compliance, full-chain operational resilience, and targeted innovation. We have methodically deepened our market penetration across core geographies — namely Americas, Europe and Asia, by delivering an integrated "one-stop e-cigarette production" solution to our global clientele, one that seamlessly unites factory compliance, regulatory filing support, and localized distribution capabilities.

The Group has maintained acute vigilance over, and swiftly adapted to, the dynamic regulatory environments within our key markets. In Americas, relevant regulatory authorities have advanced pivotal policy updates, notably the recent marketing authorizations for specific flavored products — contingent upon stringent age-verification technologies — alongside newly proposed foreign manufacturer registration mandates. Leveraging the Group's formidable compliance infrastructure, the Group is well-positioned to satisfy these rigorous facility registration and product listing requirements. Consequently, we are optimally equipped to assist our clients in navigating tightening local enforcement guidance, thereby capturing market share vacated by non-compliant competitors.

In some European countries, regulators instituted equally rigorous restrictions, including comprehensive prohibitions on disposable devices and specific flavours, alongside the introduction of new vaping product taxation regimes. Anticipating these structural shifts, the Group proactively optimised its product portfolio, strategically pivoting our production and research and development focus toward fully compliant pod-based systems and open-system vapes, thereby ensuring precise alignment with evolving consumer preferences and regulatory requirements.

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.

Looking ahead to the second half of 2026, our strategic outlook is governed by a stance of prudent optimism. The divergence in global regulatory enforcement presents both formidable challenges and unprecedented opportunities for market consolidation. We remain resolute in our conviction that the comprehensive, compliance-first strategies executed by management will continue to fortify our market leadership, enable us to seamlessly absorb the market void left by exiting non-compliant operators, and propel the Group's medium- to long-term growth trajectory.

To advance our diversification strategy beyond core e-cigarette operations, the Group is actively scouting investment opportunities with potential for sustainable growth. Management remains committed to identifying promising assets across target markets, strongly believing that well-positioned projects present untapped, long-term upside. Through targeted evaluation and disciplined risk management, we aim to expand our business footprint and secure lasting shareholder value.

I would like to extend my profound gratitude to our esteemed shareholders, investors, valued customers and dedicated employees for their unwavering trust and steadfast support. The management team remains resolutely committed to delivering a sustainable growth and assiduously enhancing long-term shareholder value.

Yang Yoong An
Chairman of the Board and Executive Director

Hong Kong, 28 August 2026

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 reporting 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 and 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 profit 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 slightly 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 reporting 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, and 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 attributable 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 profit 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 reporting 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 and 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 **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)	Change (%) (approximate)
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 (%)
	RMB'000	RMB'000	(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% for the six months ended 30 June 2025 to approximately 30.5% for the six months ended 30 June 2026, while the gross profit margin of electronic cigarettes ancillary services segment increased by approximately 0.1% from approximately 8.4% for the six months ended 30 June 2025 to approximately 8.5% for the six months ended 30 June 2026. 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 costs primarily consisted of interest income on bank deposits and interest payment on bank and other borrowings, which 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 2026.

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 of 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 ("RMB") and Hong Kong dollars ("HKD"), were approximately RMB51.0 million, compared with approximately RMB105.9 million as at 31 December 2025. 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.

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 RMB 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

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 RMB and HKD, 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 RMB'000	As at 31 December 2025 RMB'000
Restricted cash	**5,423**	20,954
	5,423	20,954

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. 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 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.

Events After Reporting Period

On 12 August 2026 (after trading hours of the Stock Exchange), the Company (as purchaser), Ninety Kilometers Holding Limited (the "Vendor") and Mr. Lu Zhengchao (the "Guarantor") entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell 80% of the total number of issued shares of Ninety Investment Holding Limited, for the maximum consideration of HK$430,500,000 (the "Acquisition"), which will be satisfied by the allotment and issue of a maximum number of 20,500,000 new shares by the Company to the Vendor at the issue price of HK$21.00 each, under the general mandate granted to the Directors at the annual general meeting of the Company held on 18 June 2026. Following arm's length discussions, on 4 September 2026, the Company, the Vendor and the Guarantor entered into a termination agreement to terminate the Sale and Purchase Agreement. Accordingly, the Acquisition will not proceed. Please refer to the announcements of the Company dated 12 August 2026 and 4 September 2026 for further details.

Save as disclosed above, there is no significant event occurred after the reporting period.

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 and 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 and 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.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of the Associated Corporations

As at 30 June 2026, the interests and short positions of the Directors or chief executive of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the laws of Hong Kong (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares of the Company

Name	Capacity/Nature of interest	No. of ordinary Shares held	Approximate percentage of shareholding *(Note 2)*
Mr. Yang Yoong An ("Mr. Yang")	Interest of a controlled corporation *(Note 1)*	418,724,000	69.79%

(ii) Long positions in the ordinary shares of associated corporation

Name	Name of associated corporation	Capacity/ Nature of interest	No. of ordinary shares held	Approximate percentage of shareholding
Mr. Yang	Spearhead Leader Limited	Beneficial owner	1	100%

Notes:

1. Mr. Yang beneficially owns the entire issued share capital of Spearhead Leader Limited. Therefore, Mr. Yang is deemed, or taken to be, interested in 418,724,000 Shares held by Spearhead Leader Limited for the purpose of the SFO. Mr. Yang is the sole director of Spearhead Leader Limited.

2. Calculated on the basis of 600,000,000 Shares in issue as at 30 June 2026.

Interests of Substantial Shareholders in Shares and Underlying Shares of the Company

So far as is known to the Directors, as at 30 June 2026, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the Shares of the Company

Name of shareholders	Capacity/Nature of interest	No. of ordinary Shares held/ interested	Approximate percentage of shareholding *(Note 2)*
Spearhead Leader Limited	Beneficial owner	418,724,000	69.79%
Ms. Cai Yaohui ("Ms. Cai")	Interest of spouse *(Note 1)*	418,724,000	69.79%

Notes:

1. Ms. Cai is the spouse of Mr. Yang. Accordingly, Ms. Cai is deemed, or taken to be, interested in all Shares and underlying Shares in which Mr. Yang is interested in for the purpose of the SFO.

2. Calculated on the basis of 600,000,000 Shares in issue as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to a shareholders' resolution passed on 6 June 2014. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or services providers of the Group and to promote the success of the business of the Group. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 30,000,000 Shares, being 5% of the total number of Shares in issue as at the date of this interim report, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the total number of Shares in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, independent non-executive Directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder, independent non-executive Directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's issued share capital in aggregate or with an aggregate value in excess of HK$5,000,000 must be also approved by the Company's shareholders.

The subscription price of Share in respect of options granted under the Share Option Scheme shall be solely determined by the Board, but may not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the share options which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a Share on the date of the grant.

The Share Option Scheme adopted on 6 June 2014 has expired on 5 June 2024.

A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix V to the prospectus of the Company dated 17 June 2014.

On 7 December 2022, the Company granted a total of 30,000,000 share options to a total of 21 selected employees of the Group to subscribe for a total of 30,000,000 ordinary Shares of HK$0.01 each in accordance with the Share Option Scheme. For details, please refer to the announcement of the Company dated 7 December 2022. The fair value of options granted on 7 December 2022 determined using the Binomial option-pricing model was approximately RMB13,600,000.

The total number of Shares that may be issued in respect of options granted under all schemes of the Company during the reporting period divided by the weighted average number of shares of the relevant class in issue for the reporting period was 4.3%.

The following table discloses the movements in the Company's share options during the six months ended 30 June 2026:

Grantees	As at 1 January 2026	Granted during the six months ended 30 June 2026	Exercised during the six months ended 30 June 2026	Lapsed/cancelled during the six months ended 30 June 2026	Outstanding as at 30 June 2026	Date of grant	Exercisable period	Exercise price
Mr. Li Shaoan (李少安)	3,600,000	–	–	3,600,000	–	7 December 2022	From the Vesting Date to 6 December 2032	HK$1.00
Mr. Wu Hung Wai (吳鴻偉)	100,000	–	–	100,000	–	7 December 2022	From the Vesting Date to 6 December 2032	HK$1.00
Other employees	22,100,000	–	–	22,100,000	–	7 December 2022	From the Vesting Date to 6 December 2032	HK$1.00
Total	25,800,000	–	–	25,800,000	–			

Note:

1. In the event that the Group's audited revenue and net profit for the year ended 31 December 2025 can achieve one time or more of the Group's audited revenue and net profit for the year ended 31 December 2022 respectively (the "Vesting Conditions"), the options shall be vested to the Grantees after publication of the audited financial results of the Company for the year ended 31 December 2025 (the "Vesting Date"), subject to the Grantee has not committed any material breach of his/her duties prior to the Vesting Date and the Grantee remains an employee of the Group on the Vesting Date.

   If the Vesting Conditions are not fulfilled by the Vesting Date, the Company reserves the right to cancel the options granted to the Grantees.

As the Vesting Conditions were not satisfied by the Vesting Date, following the publication of the audited financial results of the Company for the year ended 31 December 2025 on 27 March 2026, the options did not vest and have been cancelled in their entirety pursuant to the terms of grant.

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 report.

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 report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Note	Six Months ended 30 June 2026 Unaudited RMB'000	2025 Unaudited RMB'000
Revenue	5	**340,353**	260,459
Cost of sales	8	**(245,621)**	(202,617)
Gross profit		**94,732**	57,842
Distribution costs	8	**(18,406)**	(23,648)
Administrative expenses	8	**(53,025)**	(53,181)
Net impairment losses on financial assets		**(2,018)**	(2,525)
Other income	6	**487**	1,485
Other (losses)/gains — net		**(2,275)**	979
Operating profit/(loss)		**19,495**	(19,048)
Finance income	7	**379**	1,037
Finance costs	7	**(1,865)**	(2,877)
Finance costs — net	7	**(1,486)**	(1,840)
Profit/(loss) before income tax		**18,009**	(20,888)
Income tax expenses	10	**(5,003)**	(1,328)
Profit/(loss) for the period		**13,006**	(22,216)
Profit/(loss) attributable to:			
— Owners of the Company		**5,996**	(16,751)
— Non-controlling interests		**7,010**	(5,465)
Other comprehensive income/(loss)			
Currency translation differences		**273**	(1,326)
Total comprehensive income/(loss) for the period		**13,279**	(23,542)
Total comprehensive income/(loss) for the period attributable to:			
— Owners of the Company		**6,269**	(18,077)
— Non-controlling interests		**7,010**	(5,465)
		13,279	(23,542)
Earnings/(loss) per share attributable to owners of the Company			
— Earnings/(loss) per share	11	**0.010**	(0.028)
— Diluted earnings/(loss) per share	11	**0.010**	(0.028)

The notes on pages 23 to 36 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**46,393**	49,298
Right-of-use assets	*13*	**44,816**	71,945
Intangible assets	*15*	**16,533**	2,968
Deferred income tax assets		**6,978**	7,291
Prepayment for property, plant and equipment	*14*	**2,211**	2,305
		116,931	133,807
Current assets			
Inventories	*17*	**129,152**	113,001
Trade and other receivables and prepayments	*16*	**359,784**	329,964
Financial assets at fair value through profit or loss		**–**	10,000
Restricted cash	*18*	**5,423**	20,954
Cash and cash equivalents	*18*	**51,043**	105,870
		545,402	579,789
Total assets		**662,333**	713,596
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
		288,620	282,351
Non-controlling interests		**60,378**	47,060
Total equity		**348,998**	329,411

As at 30 June 2026

	Note	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		28,145	44,615
Deferred income tax liabilities		4,021	718
		32,166	45,333
Current liabilities			
Trade and other payables	*20*	152,735	201,106
Contract liabilities		38,173	41,456
Income tax payable		14,677	14,093
Borrowings	*19*	61,019	55,879
Lease liabilities		14,565	26,318
		281,169	338,852
Total liabilities		313,335	384,185
Total equity and liabilities		662,333	713,596

The notes on pages 23 to 36 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Unaudited						
	Attributable to the owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained profits/ (accumulated losses) RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Six months ended 30 June 2026							
Balance at 1 January 2026	5,120	–	108,907	168,324	282,351	47,060	329,411
Profit for the period	–	–		5,996	5,996	7,010	13,006
Other comprehensive income	–	–	273		273		273
Total comprehensive income	–	–	273	5,996	6,269	7,010	13,279
Transfer from statutory reserve	–	–	1,590	(1,590)	–	–	–
Acquire a subsidiary	–	–	–	–	–	6,308	6,308
Balance at 30 June 2026	5,120	–	110,770	172,730	288,620	60,378	348,998
Six months ended 30 June 2025							
Balance at 1 January 2025	5,120	152,684	113,294	179,328	450,426	41,870	492,296
Loss for the period	–	–	–	(16,751)	(16,751)	(5,465)	(22,216)
Other comprehensive income	–	–	(1,326)	–	(1,326)	–	(1,326)
Total comprehensive income	–	–	(1,326)	(16,751)	(18,077)	(5,465)	(23,542)
Dividends to shareholders of the Company	–	(152,684)	–	(13,647)	(166,331)	–	(166,331)
Disposal of subsidiaries	–	–	–	–	–	2,954	2,954
Balance at 30 June 2025	5,120	–	111,968	148,930	266,018	39,359	305,377

The notes on pages 23 to 36 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Note	Six Months ended 30 June 2026 Unaudited RMB'000	2025 Unaudited RMB'000
Cash flows from operating activities			
Cash used in operations		**(51,857)**	(50,690)
Interest received		**374**	237
Interest paid		**(1,860)**	(2,843)
Income tax paid		**(4,254)**	(317)
Net cash used in operating activities		**(57,597)**	(53,613)
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets		**(4,794)**	(6,525)
Proceeds from disposal of property, plant and equipment		**43**	71
Net cash outflow from disposal of subsidiaries, net of cash disposed		**–**	(26)
Net cash outflow from acquisition of subsidiaries, net of cash acquired		**(5,281)**	–
Net cash inflow from financial assets at fair value through profit or loss		**10,064**	1,204
Interest received on financial assets at fair value through profit or loss		**–**	2
Payment of cash advances		**(140)**	–
Collection of cash advances		**4,806**	58,360
Repayments of deposit related to potential acquisition of subsidiaries		**–**	31,725
Net cash generated from investing activities		**4,698**	84,811
Cash flows from financing activities			
Proceeds from borrowings		**43,500**	46,120
Repayments of borrowings		**(38,360)**	(48,968)
Dividend distribution		**–**	(166,331)
Repayment of borrowings from non-controlling interests		**–**	(33,200)
Payments of lease liabilities		**(7,341)**	(8,993)
Net cash used in financing activities		**(2,201)**	(211,372)
Net decrease in cash and cash equivalents		**(55,100)**	(180,174)
Effect of foreign exchange rate changes		**273**	(929)
Cash and cash equivalents at beginning of the period		**105,870**	275,136
Cash and cash equivalents at end of the period	*18*	**51,043**	94,033

The notes on pages 23 to 36 are an integral part of these condensed consolidated interim financial information.

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.

2 Basis of preparation and accounting policies *(Continued)*

(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 Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

4 Financial risk management and financial instruments

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

There have been no changes in the risk management policies since year end.

4.2 Liquidity risk

Compared to 2025 year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5 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

5 Segment information *(Continued)*

(b) Segment revenue *(Continued)*

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

	Sales of electronic cigarettes and related products Unaudited RMB'000	Electronic cigarettes ancillary services Unaudited RMB'000	Total Unaudited RMB'000
Revenue	221,007	39,452	260,459
Gross profit	54,532	3,310	57,842
Distribution costs	(23,567)	(81)	(23,648)
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			(1,840)
Loss before income tax			(20,888)

(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 RMB'000	As at 31 December 2025 Audited RMB'000
Mainland China	**109,748**	126,266
Hong Kong	**205**	250
	109,953	126,516

5 Segment information *(Continued)*

(d) Segment revenue by location

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

6 Other income

	Six Months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	RMB'000
Government grants	**8**	134
Tax incentives	**475**	1,349
Others	**4**	2
	487	1,485

7 Finance costs — net

	Six Months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	RMB'000
Interest income on bank deposits	**374**	1,037
Interest on bank and other borrowings	**(1,834)**	(2,877)
Others	**(26)**	–
	(1,486)	(1,840)

8 Expenses by nature

	Six Months ended 30 June 2026 Unaudited RMB'000	2025 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 *(Note 9)*	**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 *(Note 13)*	**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
Total cost of sales, distribution costs and administrative expenses	**317,052**	279,446

9 Employee benefit expense

	Six Months ended 30 June 2026 Unaudited RMB'000	2025 Unaudited RMB'000
Wages and salaries	**60,230**	51,415
Welfare, medical and other expenses	**6,550**	4,943
Total employee benefit expense	**66,780**	56,358

10 Income tax expenses

	Six Months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax	**(4,838)**	(1,720)
Deferred income tax		
— Deferred tax assets	**(165)**	392
Income tax expenses	**(5,003)**	(1,328)

(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%).

11 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	Unaudited
	RMB'000	RMB'000
Profit/(loss) attributable to the owners of the Company (RMB'000)	**5,996**	(16,751)
Weighted average number of ordinary shares in issue ('000)	**600,000**	600,000
Basic earnings/(loss) per share (RMB)	**0.010**	(0.028)

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.

12 Dividend

	Six Months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	RMB'000
Dividends provided and paid	**–**	166,331

13 Property, plant and equipment and right-of-use assets

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000
Six months ended 30 June 2026 (unaudited)		
Opening net book amount	**49,298**	**71,945**
Additions	**4,888**	**2,764**
Disposals	**(82)**	**(22,550)**
Acquisition of subsidiaries	**342**	**–**
Depreciation and amortisation	**(8,053)**	**(7,343)**
Closing net book amount	**46,393**	**44,816**
Six months ended 30 June 2025 (unaudited)		
Opening net book amount	48,077	74,767
Additions	7,641	13,923
Disposals	(45)	–
Disposals of subsidiaries	(1,972)	(4,379)
Depreciation and amortisation	(6,643)	(11,492)
Closing net book amount	47,058	72,819

14 Prepayment for property, plant and equipment

Prepayment for property, plant and equipment represents the prepayments for production equipment.

15 Intangible assets

	Patent RMB'000	Goodwill RMB'000	Total RMB'000
Six months ended 30 June 2026 (unaudited)			
Opening net book amount	**2,871**	**97**	**2,968**
Acquisition of subsidiaries	**13,800**	**352**	**14,152**
Amortisation	**(587)**	**–**	**(587)**
Closing net book amount	**16,084**	**449**	**16,533**
Six months ended 30 June 2025 (unaudited)			
Opening net book amount	3,356	97	3,453
Amortisation	(242)	–	(242)
Closing net book amount	3,114	97	3,211

16 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	**(22,800)**	(20,663)
	221,683	208,305
Note receivable	**95**	1,648
Less: loss allowance for notes receivables	**–**	(1)
	95	1,647
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	**(4,099)**	(4,473)
	82,084	85,826
Other receivable included in current assets	**82,084**	85,826
Prepayments	**55,922**	34,186
Total	**359,784**	329,964

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

16 Trade and other receivables and prepayments *(Continued)*

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
	244,483	228,968

17 Inventories

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Raw materials and packaging materials	**42,959**	34,934
Finished goods	**56,713**	62,092
Work in progress	**29,480**	15,975
	129,152	113,001

18 Cash and cash equivalents and restricted cash

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Cash at bank and on hand	**56,466**	126,824
Less: restricted cash	**(5,423)**	(20,954)
Cash and cash equivalents	**51,043**	105,870

19 Borrowings

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Short-term bank borrowings	**61,019**	55,879

The effective interest rates on the Group's borrowings are as follows:

	As at 30 June 2026 Unaudited	As at 31 December 2025 Audited
Fixed-rate borrowings	**3.10%**	3.44%

As at 30 June 2026 and 31 December 2025, the borrowings are guaranteed by non-controlling shareholder.

20 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
Total trade and other payables	**152,735**	201,106

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.

20 Trade and other payables *(Continued)*

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

21 Related-party transactions

As at 30 June 2026, the Company's immediate holding company is Spearhead Leader Limited, which held 69.79% shares of the Company in issue and is wholly owned by Mr. Yang Yoong An.

(a) Transactions with related parties

The following transactions are carried out by the Group with related parties:

(i) Key management compensation

	Six Months ended 30 June 2026 Unaudited RMB'000	2025 Unaudited RMB'000
Key management compensation	**750**	796

22 Subsequent Events

On 12 August 2026, the Company (as purchaser), Ninety Kilometers Holding Limited (the "Vendor") and Mr. Lu Zhengchao (the "Guarantor") entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 80% of the total issued shares of Ninety Investment Holding Limited, for a maximum consideration of HK$430,500,000. The consideration was to be satisfied by the allotment and issue of up to 20,500,000 new shares of the Company to the Vendor at an issue price of HK$21.00 per share, under the general mandate granted to the directors at the annual general meeting of the Company held on 18 June 2026.

Following arm's length negotiations, on 4 September 2026, the Company, the Vendor and the Guarantor entered into a termination agreement to terminate the sale and purchase agreement. Accordingly, the Acquisition did not proceed. The Board considers that the termination of the Sale and Purchase Agreement will not have any material adverse impact on the financial position and operations of the Group.