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 2025

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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 2025 together with the comparative figures for the corresponding period in 2024.

- Revenue for the six months ended 30 June 2025 decreased by approximately 64.9% or RMB482.3 million to approximately RMB260.5 million as compared with the corresponding period in 2024.
- Gross profit for the six months ended 30 June 2025 decreased by approximately 62.3% or RMB95.8 million to approximately RMB57.8 million as compared with the corresponding period in 2024.
- Gross profit margin for the six months ended 30 June 2025 increased by approximately 1.5% from approximately 20.7% to approximately 22.2% as compared with the corresponding period in 2024.
- Loss attributable to owners of the Company was approximately RMB16.8 million for the six months ended 30 June 2025 as compared to profit attributable to owners of the Company was approximately RMB14.8 million for the six months ended 30 June 2024.
- Average trade and note receivables turnover days increased from approximately 74 days for the year ended 31 December 2024 to approximately 139 days for the six months ended 30 June 2025.
- Average trade and note payables turnover days decreased from approximately 124 days for the year ended 31 December 2024 to approximately 104 days for the six months ended 30 June 2025.
- Average inventory turnover days increased from approximately 51 days for the year ended 31 December 2024 to approximately 79 days 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 2025 (for the six months ended 30 June 2024: 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 (366 days for the year ended 31 December 2024 and 181 days for the six months ended 30 June 2025).

(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 (366 days for the year ended 31 December 2024 and 181 days for the six months ended 30 June 2025).

(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 (366 days for the year ended 31 December 2024 and 181 days for the six months ended 30 June 2025).

Board of Directors

Executive Directors

Mr. Yang Yoong An *(Chairman)*
Mr. Li Lin (appointed on 20 June 2025)

Non-executive Directors

Mr. Yang Fan
Mr. Feng Bin (resigned on 20 June 2025)

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

8/F, South Block, Jinwen Digital Valley
No. 321, Huangtian Section,
National Highway G107, Hangcheng Street
Bao'an District, Shenzhen,Guangdong
the People's Republic of China

Principal Place of Business in Hong Kong

Suite 2812, 28nd 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 Yichang 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

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22/F., Prince's Building
Central, Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am authorised to present the interim report of the Company for the six months ended 30 June 2025.

The first half of 2025 was defined by a complex and challenging global operating environment. While certain economies registered modest growth, the broader landscape was characterised by entrenched inflationary pressures, significant geopolitical friction, and pronounced market volatility. These conditions created a climate of uncertainty that tempered industrial activity and constrained investment sentiment across multiple sectors, including the Group.

Within the global e-cigarette industry, a paradigm shift is underway. The market continues to mature, driven by consumer interest in next-generation products. Nevertheless, this evolution is now occurring within an increasingly fragmented and stringent regulatory tapestry. Jurisdictions worldwide are implementing rigorous compliance frameworks governing product specifications, marketing practices, and cross-border trade. While these measures may eventually foster a more stable and predictable market, their immediate effect has been to introduce significant operational complexities. During the reporting period, these regulatory headwinds directly impacted market access and created logistical disruptions, affecting the Group's operational tempo.

In this context, the primary objective of the Group was to navigate these external pressures with diligence and foresight. The Group's management has maintained a posture of high vigilance, proactively monitoring the shifting regulatory landscape to mitigate associated risks. Its strategic responses has not been one of unbridled expansion, but rather a calibrated effort to safeguard the Group's operational integrity, fortify its supply chain, and preserve the core relationships that underpin its market position.

Concurrently, in order to maintain competitive with the competitors in the market, the Group has expanded and closely cooperated with major local distributors in different countries and regions and intensified investment in the development and production of its proprietary brands in accordance with the local consumers' preferences and e-cigarette regulations for e-cigarette products to cope with the recent fluctuations in global e-cigarettes regulations and international trade turmoil.

Looking ahead, the Group's strategic outlook is governed by a spirit of prudence. The management acknowledges the prevailing macroeconomic uncertainties and the potential for further regulatory and market-related challenges. Consequently, the Group is adopting a more conservative approach to capital allocation and risk management. Its focus will be on strengthening the Group's financial resilience, optimising operational efficiencies, and pursuing only those strategic initiatives that offer clear, defensible returns. This prudent stance is not a retraction of the Group's ambition, but a responsible adaptation to the current realities of the global market. Its foremost commitment is to the sustainable, long-term health of the enterprise.

In response to the international market turmoil from late 2024, we believed that the corresponding strategies implemented by the management will gradually improve the results of the Group in the medium and long-term development.

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, 29 August 2025

Market Review

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

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

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

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

Business Review

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

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

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

Sales and Distribution

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

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

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

Product Development and Design

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

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

Technology Development and Quality Control

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

Cost Control

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

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

Financial Review

Turnover

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

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

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

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

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

Gross Profit

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

Distribution Costs

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

Administrative Expenses

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

Other Income

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

Other Gains, net

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

Finance Costs, net

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

Income Tax Expenses

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

Profit Attributable to Owners of the Company

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

Trade and Other Receivables and Prepayments

Trade and other receivables and prepayments decreased by approximately 21.8% from approximately RMB357.7 million as at 31 December 2024 to approximately RMB279.8 million as at 30 June 2025. The decrease was mainly due to: (i) the decrease of trade receivables from approximately RMB195.9 million as at 31 December 2024 to approximately RMB170.0 million as at 30 June 2025; (ii) decrease of deposits from approximately RMB56.4 million as at 31 December 2024 to approximately RMB20.5 million as at 30 June 2025; and (iii) decrease of cash advances from approximately RMB69.3 million as at 31 December 2024 to approximately RMB22.9 million as at 30 June 2025.

Trade and Other Payables

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

Liquidity And Financial Resources

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

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

Borrowings and Gearing Ratio

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

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

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

Capital Expenditure

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

Treasury Policies

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

Pledge of Assets

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

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Restricted cash	**3,433**	13,019
	3,433	13,019

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

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

Contingent Liabilities

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

Foreign Exchange Risks

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

Human Resources And Remuneration

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

Interim Dividend

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

Future Outlook

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

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

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

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

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

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 2025, the interests and short positions of the Directors or chief executive of the Company in 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") in 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 (the "Shares")

Name	Capacity/Nature of interest	No. of ordinary shares held	Approximate percentage of shareholding *(Note 3)*
Mr. Yang Yoong An ("Mr. Yang")	Interest of a controlled corporation *(Note 1)*	418,724,000	69.79%
Mr. Li Shaoan	Beneficial Owner *(Note 2)*	3,600,000	0.6%
Mr. Wu Hung Wai	Beneficial Owner *(Note 3)*	100,000	0.02%

(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 ("Spearhead Leader")	Beneficial owner	1	100%

Notes:

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

2. These 3,600,000 underlying Shares represent the 3,600,000 Shares which may be alloted and issued to Mr. Li Shaoan upon full exercise of the share options granted to him.

3. These 100,000 underlying Shares represent the 100,000 Shares which may be alloted and issued to Mr. Wu Hung Wai upon full exercise of the share options granted to him.

4. Calculated on the basis of 600,000,000 Shares in issue as at 30 June 2025.

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

So far as is known to the Directors, as at 30 June 2025, 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 3)*
Spearhead Leader	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 2025.

Save as disclosed above, as at 30 June 2025, 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 10% of the shares of the Company 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 shares of the Company 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 Stock Exchange's closing price of the Company's shares on the date of the grant of the share options which must be a business day; (ii) the average Stock Exchange's closing price of the Company's shares for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a share of the Company.

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 adopted on 6 June 2014. 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.

As at 1 January 2025 and 30 June 2025, there were no share options available for grant under the Share Option Scheme. No service provider sublimit was set under the Share Option Scheme. 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 2025:

Grantees	As at 1 January 2025	Granted during the six months ended 30 June 2025	Exercised during the six months ended 30 June 2025	Lapsed/cancelled during the six months ended 30 June 2025	Outstanding as at 30 June 2025	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	26,300,000	-	-	4,200,000	22,100,000	7 December 2022	From the Vesting Date to 6 December 2032	HK$1.00
Total	30,000,000	-	-	4,200,000	25,800,000			

Notes:

1. In the event that the Group's audited revenue and net profit for the year ending 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 options shall be vested to the Grantees after publication of the audited financial results of the Company for the year ending 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 as specified above are not fulfilled by the Vesting Date, the Company reserves the right to cancel the options granted to the Grantees.

2. As for the share option granted on 7 December 2022, the closing price of the shares on the Stock Exchange immediately before the date on which the options were granted was HK$0.90.

Competing Business and Conflicts of Interests

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

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

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

Corporate Governance

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

Model Code for Securities Transactions by Directors of Listed Issuers

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

Audit Committee and Review of Interim Results

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

The interim financial results of the Group for the six months ended 30 June 2025 have not been reviewed by the Company's auditor, but have been reviewed by the Company's audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made. The Audit Committee has also reviewed this 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 2024 of the Company and up to the date of this report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Note	Six Months ended 30 June 2025 Unaudited RMB'000	2024 Unaudited RMB'000
Revenue	*5*	**260,459**	742,765
Cost of sales	*8*	**(202,617)**	(589,157)
Gross profit		**57,842**	153,608
Distribution costs	*8*	**(23,648)**	(48,008)
Administrative expenses	*8*	**(53,181)**	(76,337)
Net impairment losses on financial assets		**(2,525)**	(1,880)
Other income	*6*	**1,485**	6,703
Other gains — net		**979**	3,349
Operating (loss)/profit		**(19,048)**	37,435
Finance income	*7*	**1,037**	2,293
Finance costs	*7*	**(2,877)**	(2,615)
Finance costs — net	*7*	**(1,840)**	(322)
(Loss)/profit before income tax		**(20,888)**	37,113
Income tax expenses	*10*	**(1,328)**	(9,866)
(Loss)/profit for the period		**(22,216)**	27,247
(Loss)/profit attributable to:			
— Owners of the Company		**(16,751)**	14,808
— Non-controlling interests		**(5,465)**	12,439
Other comprehensive (loss)/income			
Currency translation differences		**(1,326)**	11
Total comprehensive (loss)/income for the period		**(23,542)**	27,258
Total comprehensive (loss)/income for the period attributable to:			
— Owners of the Company		**(18,077)**	14,819
— Non-controlling interests		**(5,465)**	12,439
		(23,542)	27,258
(Loss)/earnings per share attributable to owners of the Company			
— (Loss)/earnings per share	*11*	**(0.028)**	0.025
— Diluted (loss)/earnings per share	*11*	**(0.028)**	0.024

The notes on pages 23 to 38 are an integral part of these condensed consolidated interim financial information.

	Note	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**47,058**	48,077
Right-of-use assets	*13*	**72,819**	74,767
Intangible assets	*15*	**3,211**	3,453
Deferred income tax assets		**7,119**	2,220
Other receivables		**4,176**	3,836
Prepayment for property, plant and equipment	*14*	**1,078**	2,194
		135,461	134,547
Current assets			
Inventories	*17*	**91,390**	84,417
Trade and other receivables and prepayments	*16*	**279,790**	357,707
Financial assets at fair value through profit or loss		**–**	1,204
Restricted cash	*18*	**4,783**	13,426
Cash and cash equivalents	*18*	**94,033**	275,136
		469,996	731,890
Total assets		**605,457**	866,437
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**5,120**	5,120
Share premium		**–**	152,684
Other reserves		**111,968**	113,294
Retained earnings		**148,930**	179,328
		266,018	450,426
Non-controlling interests		**39,359**	41,870
Total equity		**305,377**	492,296

As at 30 June 2025

	Note	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		48,187	48,713
Deferred income tax liabilities		5,546	1,211
		53,733	49,924
Current liabilities			
Trade and other payables	*20*	122,409	211,938
Contract liabilities		27,645	15,661
Income tax payable		13,661	12,132
Borrowings	*19*	59,902	62,750
Lease liabilities		22,730	21,736
		246,347	324,217
Total liabilities		300,080	374,141
Total equity and liabilities		605,457	866,437

The notes on pages 23 to 38 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 2025

	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 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
Six months ended 30 June 2024							
Balance at 1 January 2024	5,120	152,684	162,549	82,604	402,957	137,066	540,023
Profit for the period	–	–	–	14,808	14,808	12,439	27,247
Other comprehensive income	–	–	11	–	11	–	11
Total comprehensive income	–	–	11	14,808	14,819	12,439	27,258
Cash dividends	–	–	–	–	–	(40,175)	(40,175)
Employee share schemes	–	–	1,604	–	1,604	–	1,604
Disposal of subsidiaries with lost of control	–	–	–	–	–	(199)	(199)
Balance at 30 June 2024	5,120	152,684	164,164	97,412	419,380	109,131	528,511

The notes on pages 23 to 38 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Note	Six Months ended 30 June 2025 Unaudited RMB'000	2024 Unaudited RMB'000
Cash flows from operating activities			
Cash used in operations		(50,690)	(42,388)
Interest received		237	3,073
Interest paid		(2,843)	(2,447)
Income tax paid		(317)	(11,698)
Net cash used in operating activities		(53,613)	(53,460)
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets		(6,525)	(50,071)
Proceeds from disposal of property, plant and equipment		71	1,346
Net cash outflow from disposal of subsidiaries, net of cash disposed of		(26)	(2,041)
Proceeds of government grant related to land use rights and property, plant and equipment		–	5,000
Net cash inflow/(outflow) from financial assets at fair value through profit or loss		1,204	(11,000)
Interest received on financial assets at fair value through profit or loss		2	118
Collection of cash advances		58,360	–
Repayments of deposit related to potential acquisition of subsidiaries		31,725	58,560
Payments for deposit related to potential acquisition of subsidiaries		–	(35,610)
Net cash generated from/(used in) investing activities		84,811	(31,298)
Cash flows from financing activities			
Proceeds from borrowings		46,120	78,000
Repayments of borrowings		(48,968)	(24,700)
Dividend distribution		(166,331)	–
Repayment of borrowings from non-controlling interests		(33,200)	–
Payments of lease liabilities		(8,993)	(8,859)
Dividends paid to non-controlling interests in subsidiaries		–	(15,750)
Net cash (used in)/generated from financing activities		(211,372)	28,691
Net decrease in cash and cash equivalents		(180,174)	(58,467)
Effect of foreign exchange rate changes		(929)	2,238
Cash and cash equivalents at beginning of the period		275,136	311,156
Cash and cash equivalents at end of the period	18	94,033	254,927

The notes on pages 23 to 38 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.

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

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

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

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

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

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation and accounting policies

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

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

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

- Amendments to HKAS 21 and HKFRS1 — Lack of Exchangeability

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

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 2025 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

3 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 2024.

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 2024.

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

4.2 Liquidity risk

Compared to 2024 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	—	technology research and development, production and sales of e-cigarettes, e-cigarettes vaping devices and other electronic products
Electronic cigarettes ancillary services	—	providing transportation and custom clearance services of electronic cigarettes related products
Paper cigarette packages and other paper packages	—	paper cigarette packages: design, printing and sales of paper cigarette packages; other paper packages: design, printing and sales of social product paper packages (e.g. packages for alcohol, medicines and food)

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

(b) Segment revenue

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

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

	Sales of electronic cigarettes Unaudited RMB'000	Electronic cigarettes ancillary services Unaudited RMB'000	Paper cigarette packages and other paper packages Unaudited RMB'000	Total Unaudited RMB'000
Revenue	221,007	39,452	–	260,459
Gross profit	54,532	3,310	–	57,842
Distribution costs	(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)

5 Segment information *(Continued)*

(b) Segment revenue *(Continued)*

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

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

(c) Segment assets by location

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

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

5 Segment information *(Continued)*

(d) Segment revenue by location

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

6 Other income

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Government grants	**134**	4,677
Tax incentives	**1,349**	2,024
Others	**2**	2
	1,485	6,703

7 Finance costs — net

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Interest income on bank deposits	**1,037**	2,293
Interest on bank and other borrowings	**(2,877)**	(2,615)
	(1,840)	(322)

8 Expenses by nature

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Operating (loss)/profit for the period has been arrived at after charging:		
Raw materials and consumables used	**173,316**	517,290
Changes in inventories of finished goods and work in progress	**6,857**	(27)
Employee benefits expenses *(Note 9)*	**56,358**	116,560
Transportation cost and travel expenses	**5,575**	17,432
Social promotion expense	**7,705**	16,539
Energy and water expense	**2,166**	10,300
Depreciation *(Note 13)*	**6,643**	12,416
Amortisation	**11,492**	9,894
Real estate tax, stamp duties and other taxes	**913**	4,264
Professional service expense	**2,675**	3,336
Office expense	**2,570**	2,794
Operating lease rentals in respect of rented premises	**1,144**	1,845
Write-down and provision of inventories	**490**	(55)
Other operating expenses	**1,542**	914
Total cost of sales, distribution costs and administrative expenses	**279,446**	713,502

9 Employee benefit expense

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Wages and salaries	**51,415**	105,304
Welfare, medical and other expenses	**4,943**	9,652
Share-based payment expense	**–**	1,604
Total employee benefit expense	**56,358**	116,560

10 Income tax expenses

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

(i) Current income tax

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

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

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

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

(ii) PRC withholding income tax

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

11 Earnings per share

(a) Basic (loss)/earnings per share

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

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

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

12 Dividend

	Six Months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Dividends provided and paid	**166,331**	–

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

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000
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**
Six months ended 30 June 2024 (unaudited)		
Opening net book amount	156,960	78,269
Additions	49,860	43,151
Acquisition of subsidiaries	(632)	(523)
Disposals	(572)	–
Depreciation and amortisation	(12,416)	(9,894)
Closing net book amount	193,200	111,003

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 2025 (unaudited)			
Opening net book amount	**3,356**	**97**	**3,453**
Amortisation	**(242)**	**–**	**(242)**
Closing net book amount	**3,114**	**97**	**3,211**
Six months ended 30 June 2024 (unaudited)			
Opening net book amount	3,842	97	3,939
Amortisation	(203)	–	(203)
Closing net book amount	3,639	97	3,736

16 Trade and other receivables and prepayments

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

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

17 Inventories

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Raw materials and packaging materials	**34,299**	34,183
Finished goods	**50,601**	41,686
Work in progress	**6,490**	8,548
	91,390	84,417

18 Cash and cash equivalents and restricted cash

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Cash at bank and on hand	**98,816**	288,562
Less: restricted cash	**(4,783)**	(13,426)
Cash and cash equivalents	**94,033**	275,136

19 Borrowings

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Short-term bank borrowings	**59,902**	62,750

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

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Fixed-rate borrowings	**3.84%**	4.45%

As at 30 June 2025 and 31 December 2024, the borrowings are guaranteed by non-controlling shareholder.

20 Trade and other payables

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

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

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

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

21 Disposal of subsidiaries

During the six months ended 30 June 2025, the Group disposed 2 subsidiaries engaging in sales of e-cigarette products. The details of the consideration and the net assets disposed are as follows:

	As at disposal date RMB'000
Disposal consideration	–
Cash and cash equivalents	26
Trade and other receivables	2,949
Inventories	4,636
Right-of-use assets	4,379
Property, plant and equipment	1,972
Trade and other payables	(13,016)
Lease liabilities	(4,462)
Other current assets/(liabilities)	(927)
Total net liabilities	(4,443)
Less: non-controlling interests	2,954
Net assets disposed	(1,489)
Gains on disposal	1,489
Cash proceeds	
— Cash and Cash equivalents of the subsidiaries disposed of	(26)
Net cash outflow on disposal	(26)

22 Related-party transactions

As at 30 June 2025, 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	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Key management compensation	**796**	636

(ii) Balance due to the immediate holding company

	As at	As at
	30 June 2025	31 December 2024
	Unaudited	Audited
	RMB'000	RMB'000
Spearhead Leader Limited	**49**	1,228

Balance with related parties was unsecured, interest free and repayable in accordance with agreed terms with related parties.

23 Subsequent Events

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