

YOUZAN 有贊

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Interim Report 2025

A Better Business with Youzan



有贊科技有限公司
YOUZAN TECHNOLOGY LIMITED

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Youzan Technology Limited (the “Company,” together with its subsidiaries, the “Group,” “Youzan” or “We”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this report or any statement herein misleading.



Youzan Technology Limited

有贊科技有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

HIGHLIGHTS

For the six months ended 30 June 2025, the Group recorded a revenue of approximately RMB713,589,000, representing an increase of 4.0% compared to the same period of last year. Of which, the revenue from subscription solutions was approximately RMB373,643,000, representing a decrease of 1.0% compared to the same period of last year, and the revenue from merchant solutions was approximately RMB338,211,000, representing an increase of 10.3% compared to the same period of last year.

For the six months ended 30 June 2025, the Group recorded a gross profit of approximately RMB466,775,000, representing a decrease of 0.5% compared to the same period of last year. Of which, the gross profit of subscription solutions was approximately RMB287,318,000, representing a decrease of 2.8% compared to the same period of last year, and the gross profit of merchant solutions was approximately RMB178,323,000 representing an increase of 3.5% compared to the same period of last year.

For the six months ended 30 June 2025, the Group's gross profit margin decreased from 68.4% in the same period of last year to 65.4% for the current period. Of which, the gross profit margin of subscription solutions decreased from 78.3% in the same period of last year to 76.9% for the current period, and the gross profit margin of merchant solutions decreased from 56.2% in the same period of last year to 52.7% for the current period.

The Group recorded a profit from operations of approximately RMB84,089,000 for the six months ended 30 June 2025, representing an increase of 3,151.7% compared to a profit from operations of approximately RMB2,586,000 for the same period of last year.

The Group recorded a profit for the period of approximately RMB72,569,000 for the six months ended 30 June 2025, compared to a loss of RMB4,295,000 for the same period of last year.

As at 30 June 2025, the Group had total cash and cash equivalents of approximately RMB939,816,000 and a current ratio of 1.09 times.

The board of directors (the "Board") did not recommend the payment of interim dividend for the six months ended 30 June 2025.

FINANCIAL RESULTS

The Board of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2025 (the “reporting period”) together with the comparative unaudited figures for the corresponding periods in 2024 as set out below:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
	Notes		
Revenue	5	713,589	686,329
Cost of sales		(246,814)	(217,180)
Gross profit		466,775	469,149
Investment and other income	6	24,076	19,636
Other gains and losses, net		4,868	15,522
Selling and distribution expenses		(259,962)	(265,763)
Administrative expenses		(63,457)	(70,020)
Reversal of impairment losses/ (impairment losses) on financial assets, net		1,472	(9,939)
Equity-settled share-based payments		(9,822)	(21,704)
Amortisation of intangible assets		—	(40,467)
Research and development costs		(79,861)	(93,828)
Profit from operations		84,089	2,586
Finance costs		(9,736)	(9,350)
PROFIT/(LOSS) BEFORE TAX	7	74,353	(6,764)
Income tax (expense)/credit	8	(1,784)	2,469
PROFIT/(LOSS) FOR THE PERIOD		72,569	(4,295)
Attributable to:			
Owners of the parent		72,742	(17,224)
Non-controlling interests		(173)	12,929
		72,569	(4,295)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic (RMB yuan)		0.0023	(0.0005)
Diluted (RMB yuan)		0.0022	(0.0005)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT/(LOSS) FOR THE PERIOD	72,569	(4,295)
OTHER COMPREHENSIVE INCOME:		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	5,419	(6,359)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of the Company's financial statements	(2,236)	3,581
Other comprehensive income/(loss) for the period, net of tax	3,183	(2,778)
Total comprehensive income/(loss) for the period	75,752	(7,073)
Attributable to:		
Owners of the parent	75,925	(20,002)
Non-controlling interests	(173)	12,929
	75,752	(7,073)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	3,643	4,132
Right-of-use assets		10,896	14,843
Goodwill		341,326	341,326
Other intangible assets		613,070	613,070
Capitalised contract costs		48,645	47,910
Financial assets at fair value through profit or loss ("FVTPL")		282,922	282,975
Equity investments designated at fair value through other comprehensive income ("FVTOCI")		73,217	73,225
Deferred tax assets		34,500	34,500
Prepayments, other receivables and other assets		509	509
Total non-current assets		1,408,728	1,412,490
Current assets			
Inventories		850	645
Trade receivables	12	22,378	31,956
Factoring loan receivables		26,751	110,562
Prepayments, other receivables and other assets		223,591	236,267
Capitalised contract costs		102,320	97,623
Amounts due from related companies		1,291	1,295
Restricted bank balances		2,568	3,895
Balances with central bank		3,351,375	3,127,657
Cash and cash equivalents		939,816	888,821
Total current assets		4,670,940	4,498,721

		As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
	Notes		
Current liabilities			
Trade payables	13	20,906	9,819
Other payables and accruals		316,895	395,675
Contract liabilities		466,745	437,385
Lease liabilities		19,583	20,387
Settlement obligations		3,453,525	3,276,258
Tax payables		4,781	3,863
Amounts due to non-controlling shareholders of subsidiaries		767	734
Amount due to a related company		25	25
Total current liabilities		4,283,227	4,144,146
Net current assets		387,713	354,575
Total assets less current liabilities		1,796,441	1,767,065
Non-current liabilities			
Contract liabilities		175,857	207,135
Lease liabilities		43,687	52,718
Interest-bearing bank and other borrowings		345,291	338,725
Deferred tax liabilities		93,080	92,996
Total non-current liabilities		657,915	691,574
NET ASSETS		1,138,526	1,075,491
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	286,938	286,938
Treasury shares		(23,175)	(10,054)
Reserves		876,604	800,275
		1,140,367	1,077,159
Non-controlling interests		(1,841)	(1,668)
TOTAL EQUITY		1,138,526	1,075,491

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent										Non-controlling interest RMB'000	Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Share option reserve RMB'000	Shares held for share award scheme RMB'000	Share award scheme reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000			
At 31 December 2024 (audited)	286,938	(10,054)	8,291,894	1,768	(10,884)	183,028	(3,018,251)	(4,647,280)	1,077,159	(1,668)	1,075,491	
Profit/(loss) for the period	-	-	-	-	-	-	-	72,742	72,742	(173)	72,569	
Other comprehensive income for the period:												
Exchange differences on translation	-	-	-	-	-	-	3,183	-	3,183	-	3,183	
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	3,183	72,742	75,925	(173)	75,752	
Shares repurchased	-	(22,539)	-	-	-	-	-	-	(22,539)	-	(22,539)	
Allotment of awarded shares to trustee	-	9,418	-	-	(9,418)	-	-	-	-	-	-	
Cancellation of share premium	-	-	(8,220,434)	-	-	-	669,003	7,551,431	-	-	-	
Equity-settled share-based payments	-	-	-	-	-	9,822	-	-	9,822	-	9,822	
Deregistration of subsidiaries	-	-	-	-	-	-	(17)	17	-	-	-	
Release upon lapse of share options	-	-	-	(245)	-	-	-	245	-	-	-	
Fully-vested awarded shares transfer to awardees	-	-	2,243	-	154	(2,397)	-	-	-	-	-	
At 30 June 2025 (unaudited)	286,938	(23,175)	73,703	1,523	(20,148)	190,453	(2,346,082)	2,977,155	1,140,367	(1,841)	1,138,526	

For the six months ended 30 June 2024

	Attributable to owners of the parent									
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Shares held for share award scheme RMB'000	Share award scheme reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
At 31 December 2023 (audited)	286,938	8,195,234	46,769	(15,216)	39,039	(3,028,323)	(4,503,111)	1,021,330	(12,440)	1,008,890
Profit/(loss) for the period	-	-	-	-	-	-	(17,224)	(17,224)	12,929	(4,295)
Other comprehensive loss for the period:										
Exchange differences on translation	-	-	-	-	-	(2,778)	-	(2,778)	-	(2,778)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(2,778)	(17,224)	(20,002)	12,929	(7,073)
Equity-settled share-based payments	-	-	100	-	21,604	-	-	21,704	-	21,704
Fully-vested awarded shares transfer to awardees	-	-	-	10,372	(10,372)	-	-	-	-	-
At 30 June 2024 (unaudited)	286,938	8,195,234	46,869	(4,844)	50,271	(3,031,101)	(4,520,335)	1,023,032	489	1,023,521

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash flows from/(used in) operating activities	86,530	(64,293)
Net cash flows from/(used in) investing activities	95	(1,086)
Net cash flows used in financing activities	(35,539)	(17,088)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,086	(82,467)
Cash and cash equivalents at beginning of period	888,821	926,265
Effect of foreign exchange rate changes, net	(91)	(3,032)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	939,816	840,766
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	939,816	839,499
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	939,816	839,499
Restricted bank balances	–	1,267
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	939,816	840,766

Notes:

1. General information and basis of presentation

The Company is a limited liability company incorporated in Bermuda. The registered office address of the Company is Conyers Corporate Services (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton Pembroke HM 11 Bermuda. The address of its principal place of business in Hong Kong is Unit 1511, 15/F., Shui On Centre, No. 6-8 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group was principally involved in the provision of third party payment services and merchant services in the People's Republic of China (the "PRC").

The unaudited condensed financial information of the Group is presented in Renminbi ("RMB") which is the Group's presentation currency. The functional currency of the Company is Hong Kong Dollars ("HKD"). The directors of the Company considered presenting the Group's condensed consolidated financial results and financial position in RMB can more closely reflect the Group's business operations and its business environment.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the 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.

3. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. Operating segment information

Six months ended 30 June 2025

	Third party payment services RMB'000 (Unaudited)	Merchant services RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 5)				
Sales to external customers	149,807	560,277	3,505	713,589
Intersegment sales	518	28,596	–	29,114
Total segment revenue	150,325	588,873	3,505	742,703
<i>Reconciliation:</i>				
Elimination of intersegment sales				(29,114)
Revenue				713,589
Segment results	51,741	41,278	3,560	96,579
<i>Reconciliation:</i>				
Equity-settled share-based payments				(9,822)
Corporate and other unallocated income and expenses, net				(12,404)
Profit before tax				74,353

Six months ended 30 June 2024

	Third party payment services RMB'000 (Unaudited)	Merchant services RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 5)				
Sales to external customers	152,565	530,075	3,689	686,329
Intersegment sales	–	31,885	–	31,885
Total segment revenue	152,565	561,960	3,689	718,214
<i>Reconciliation:</i>				
Elimination of intersegment sales				(31,885)
Revenue				686,329
Segment results	67,111	(41,826)	3,641	28,926
<i>Reconciliation:</i>				
Equity-settled share-based payments				(21,704)
Corporate and other unallocated income and expenses, net				(13,986)
Loss before tax				(6,764)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2025 and 31 December 2024.

	Third Party payment services RMB'000	Merchant services RMB'000	Others RMB'000	Total RMB'000
Segment assets				
30 June 2025 (unaudited)	3,793,216	1,445,134	48,657	5,287,007
31 December 2024 (audited)	3,482,548	1,454,574	140,438	5,077,560
Segment liabilities				
30 June 2025 (unaudited)	3,491,069	1,347,793	557	4,839,419
31 December 2024 (audited)	3,317,774	1,411,057	881	4,729,712

5. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Subscription Solutions	373,643	377,489
Merchant Solutions	338,211	306,639
Others	1,735	2,201
Total	713,589	686,329

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2025

Segments	Third Party payment services RMB'000 (Unaudited)	Merchant services RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
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Geographical markets

Mainland China	149,807	557,127	3,505	710,439
North America	–	2,939	–	2,939
Japan	–	211	–	211
Total	149,807	560,277	3,505	713,589

Timing of revenue recognition

Goods or services transferred at a point in time	149,807	181,567	–	331,374
Services transferred over time	–	378,710	3,505	382,215
Total	149,807	560,277	3,505	713,589

For the six months ended 30 June 2024

Segments	Third Party payment services RMB'000 (Unaudited)	Merchant services RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
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Geographical markets

Mainland China	152,565	526,438	3,689	682,692
North America	–	3,427	–	3,427
Japan	–	210	–	210
Total	152,565	530,075	3,689	686,329

Timing of revenue recognition

Goods or services transferred at a point in time	152,565	144,293	–	296,858
Services transferred over time	–	385,782	3,689	389,471
Total	152,565	530,075	3,689	686,329

6. Investment and other income

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	15,405	14,471
Investment income received	780	243
Government grants	4,332	1,100
Others	3,559	3,822
Total	24,076	19,636

7. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	107	–
Cost of services provided	246,707	217,180
Depreciation of property, plant and equipment	1,290	3,767
Depreciation of right-of-use assets	3,944	2,703
Amortisation of other intangible assets	–	40,467
Amortisation of capitalised contract costs	64,733	72,831
Research and development expenditures*	81,734	95,840
(Reversal of impairment)/impairment of trade receivable, net	(64)	8,941
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets, net	(1,408)	998
Gain on disposal of items of property, plant and equipment	(116)	(139)
Gain on early termination of leases	–	(854)

* Research and development expenditure is included in "Equity-settled share-based payments" and "Research and development costs" in the interim condensed consolidated statement of profit or loss.

8. Income tax

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

Two subsidiaries of the Company are qualified as a High and New Technology Enterprise and were entitled to a preferential income tax rate of 15% (2024:15%) during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	1,700	3,572
Current – Hong Kong		
Charge for the period	–	29
Deferred	84	(6,070)
Total tax expense/(credit) for the period	1,784	(2,469)

9. Dividends

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

10. Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 31,083,649,000 (2024: 32,916,593,000) outstanding during the period.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares arising from awarded shares and share options granted by the Company. The calculation of diluted earnings/(loss) per share for the six months ended 30 June 2025 and 2024 did not assume the exercise of the Company's outstanding share options since the exercise price of the share options exceeds the average market price.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	72,742	(17,224)
	Number of shares	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings/(loss) per share calculation	31,083,649,000	32,916,593,000
Effect of dilution – weighted average number of ordinary shares:		
Awarded shares	1,588,151,000	35,219,000*
Total	32,671,800,000	32,951,812,000

* No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 in respect of a dilution as the impact of the awarded shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

11. Property, plant and equipment

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB887,000 (30 June 2024: RMB1,282,000).

Assets (other than those classified as held for sale) with a net book value of RMB86,000 were disposed of by the Group during the six months ended 30 June 2025 (30 June 2024: RMB57,000), resulting in a net gain on disposal of RMB116,000 (30 June 2024: RMB139,000).

12. Trade receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 3 months	9,298	22,276
3 to 6 months	7,517	7,693
6 to 9 months	5,563	1,987
Total	22,378	31,956

13. Trade payables

An ageing analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods or services, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 3 months	12,885	8,550
3 to 6 months	7,764	975
6 to 12 months	29	189
Over 12 months	228	105
Total	20,906	9,819

14. Share capital

	30 June 2025 HKD'000 (Unaudited)	31 December 2024 HKD'000 (Audited)
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Authorised:

50,000,000,000 (31 December 2024:
50,000,000,000) ordinary shares of
HKD0.01 each

500,000	500,000
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	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
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Issued and fully paid:

32,978,308,752 (31 December 2024:
32,978,308,752) ordinary shares of
HKD0.01 each

286,938	286,938
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15. Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2025 (30 June 2024: Nil).

16. Commitments

The Group had no contractual commitments as at 30 June 2025 (30 June 2024: Nil).

17. Related party transactions

(a) The Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision of services:		
Hangzhou Aiguang Network Information Service Co., Ltd. ("Aiguang Network")	483	1,057
An associate	943	943
Total	1,426	2,000
Borrowing from:		
Hangzhou Qima Technology Co., Ltd. ("Hangzhou Qima")	–	470,000
Commission to an associate	1,307	773
Administrative expenses to a non-controlling interest of a subsidiary	94	162

(b) Outstanding balances with related parties:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Due from related companies		
Aiguang Network	230	237
Hangzhou Qima	61	58
An associate	1,000	1,000
Total	1,291	1,295
Due to a related company		
Aiguang Network	25	25
Due to non-controlling shareholders of subsidiaries	767	734
Interest-bearing bank and other borrowings		
Hangzhou Qima	345,291	338,725

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short-term employee benefits	5,165	7,980
Equity-settled share-based payments	–	37
Post-employment benefits	97	105
Total compensation paid to key management personnel	5,262	8,122

18. Fair value and fair value hierarchy of financial instruments

Management has assessed that the fair values of cash and cash equivalents, balances with central bank, restricted bank balances, trade receivables, factoring loan receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, settlement obligations, amounts due from related parties, amounts due to non-controlling shareholders of subsidiaries and an amount due to a related company approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance controller reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of those financial assets and liabilities measured at fair value:

The fair values of non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2025 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2025

	Fair value measurements using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial assets at FVTPL	-	-	282,922	282,922
Equity investments designated at FVTOCI	-	-	73,217	73,217
Total	-	-	356,139	356,139

As at 31 December 2024

	Fair value measurements using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Financial assets at FVTPL	-	-	282,975	282,975
Equity investments designated at FVTOCI	-	-	73,225	73,225
Total	-	-	356,200	356,200

The movements in fair value measurements within Level 3 during the period are as follows:

	Financial assets at FVTPL RMB'000	Equity investments designated at FVTOCI RMB'000	Total RMB'000
At 1 January 2025 (audited)	282,975	73,225	356,200
Exchange alignment	(53)	(8)	(61)
At 30 June 2025 (unaudited)	282,922	73,217	356,139

	Financial assets at FVTPL RMB'000	Equity investments designated at FVTOCI RMB'000	Total RMB'000
At 1 January 2024 (audited)	282,374	66,298	348,672
Exchange alignment	120	69	189
At 30 June 2024 (unaudited)	282,494	66,367	348,861

19. Events after the reporting period

There were no significant events that required additional disclosure or adjustments occurred after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

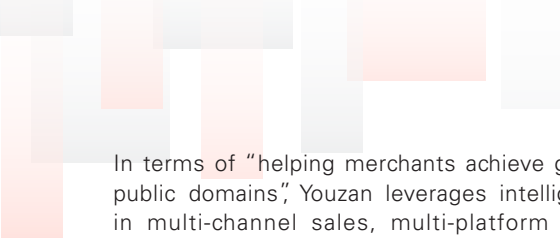
Youzan provides merchants with powerful social network-based SaaS systems with multi-channel operations and integrated new retail solutions, applying PaaS cloud service to create business customization options, while providing extended services such as Youzan Worry-free Shopping, Youzan Distribution and Youzan Logistic Solutions. We help every merchant who values products and services privatize customer assets, expand internet customer base, improve business efficiency, and help their business comprehensively succeed in all aspects.

We offer a wide variety of cloud-based commerce services to merchants through our subscription solutions, a suite of SaaS products such as Youzan WeiMall, Youzan Store, Youzan Chain and Youzan Beauty. In addition, leveraging our Youzan Cloud platform and our PaaS capabilities, we also provide customised services for merchants and offer applications by third-party developers on our Youzan App Market.

We also provide merchants with merchant solutions, a series of value-added services to address merchants' online and/or offline operation needs, including payment services, merchandise sourcing and distribution, consumer protection and online traffic monetisation. Merchant solutions mainly include Youzan Worry-free Shopping, Youzan Distribution and Youzan Logistic Solutions.

Core business brands of Youzan include Youzan WeiMall and Quntuantuan, serving private domain and community e-commerce. Youzan New Retail, Youzan Store and Youzan Beauty serve merchants' omni-channel digital operations. We have Jarvis, our intelligent business brand and also AllValue which is our international business brand.

Youzan provides merchants with an operating system that enables "the transition from public domains to private domains, followed by online and offline sales conversion, and chain management". In the first half of 2025, we continued to integrate intelligent technologies with our solutions, helping merchants in multi-platform marketing in public domains, customer operations in private domains, and improving operational efficiency in chain stores. At the Youzan 2025 Spring Product Launch Conference, we combined our existing product capabilities with intelligent technologies and launched a variety of intelligent products centered around intelligent marketing, omni-channel hosting, and business analysis to help merchants increase revenue and improve efficiency.



In terms of “helping merchants achieve growth through customer acquisition in public domains”, Youzan leverages intelligent technologies to assist merchants in multi-channel sales, multi-platform marketing, and reaching consumers through various forms of content. In terms of “helping merchants generate profits through private domain repurchases”, Youzan’s private domain operation solutions have accumulated lots of system capabilities, including private domain mall capabilities, private domain live streaming capabilities, distributor capabilities, and consumer operation capabilities, etc. In terms of “helping stores improve operational efficiency”, Youzan’s store and chain management system continues to accumulate product capabilities around three directions: “constantly optimizing consumer experience, continuously improving sales conversion and customer unit price, and steadily enhancing chain management efficiency”. It covers everything from omni-channel sales and customer operations to store cash register and store management, as well as production management and inventory control, while taking both management and empowerment into account – managing funds, members, and commodities, and empowering stores, shopping guides, and managers.

In the first half of 2025, we achieved a year-on-year growth in revenue, with continuous improvement in operational efficiency. Our revenue rose to approximately RMB714 million in the first half of 2025, representing a year-on-year increase of about 4%. The profit from operations was approximately RMB84 million, a significant and substantial increase compared with the same period last year. The profit for the period was approximately RMB73 million, turning from a loss to a profit compared with the same period last year. The net cash flow from operating activities was approximately RMB87 million. The balance of cash and cash equivalents was approximately RMB940 million.

In the first half of 2025, the gross merchandise volume generated by the merchants through Youzan’s solutions reached approximately RMB49.8 billion. The gross merchandise volume of store SaaS business was approximately RMB25.5 billion, increased year-on-year, accounting for 51% of the gross merchandise volume. The average sales of a single merchant were approximately RMB930,000 in the first half of 2025, representing an increase of approximately 11% year-on-year.

As of 30 June 2025, we had 53,651 paying merchants, of which approximately 63% were those subscribing for e-commerce SaaS; approximately 37% were those subscribing for store SaaS, including Youzan Store, Youzan Chain, Youzan Beauty, Youzan Education and WowShop etc. The number of paying merchants of store SaaS was increased compared to the number as of the end of 2024.

The number of new paying merchants in the first half of 2025 was 8,583, of which the new paying merchants of e-commerce SaaS accounted for 54% of the total new paying merchants and the new paying merchants of store SaaS accounted for 46% of the total new paying merchants. The number of new paying merchants of store SaaS was increased year-on-year.

As of 30 June 2025, Youzan had a total of 1,509 employees.

Business Development Strategies

1. Achieve business growth while maintaining a steady increase in profit margins.
2. Increase the “silicon content” in all business processes and build an intelligent organization.

Financial Review

Revenue

The Group’s revenue for the period was approximately RMB713,589,000 (six months ended 30 June 2024: approximately RMB686,329,000), representing an increase of approximately 4.0% compared with the same period in 2024, which was mainly attributable to the increase in revenue from merchant solutions, partially offset by the decrease in revenue from subscription solutions.

The following table sets forth the revenue breakdown by major products or service lines for the period indicated.

	For the six months ended 30 June		
	2025	2024	Changes
	(Unaudited)	(Unaudited)	
	RMB’000	RMB’000	%
Subscription solutions	373,643	377,489	(1.0)
Merchant solutions	338,211	306,639	10.3
Others	1,735	2,201	(21.2)
Total	713,589	686,329	4.0

Subscription Solutions

Revenue from subscription solutions primarily include subscription fees for SaaS products and a per-transaction cloud service fee for each extra order beyond a pre-specified order number threshold that consumers made to such merchants through SaaS products. Revenue generated from subscription solutions decreased by 1.0% from approximately RMB377,489,000 for the six months ended 30 June 2024 to approximately RMB373,643,000 for the reporting period, mainly attributable to the decrease in the number of paying merchants.

Merchant Solutions

The Group offers merchant solutions which comprise comprehensive value-added services addressing merchant needs that arise in daily operations. Revenue from merchant solutions mainly include transaction service fee charged for transaction service, service fees charged for Youzan Logistics Solutions, Youzan Distribution and Youzan Worry-free Shopping, as well as rebates granted by social media for Youzan Promotion. Transaction service fee and service fees for Youzan Logistics Solutions, Youzan Distribution and Youzan Worry-free Shopping are determined with reference to the order volume or GMV generated by merchants through solutions.

Revenue from merchant solutions for the reporting period was approximately RMB338,211,000 (six months ended 30 June 2024: approximately RMB306,639,000), representing an increase of 10.3%. The increase was mainly attributed to the growth in the penetration rate of Logistics Solutions, which led to an increase in the order volume using Youzan Logistics Solutions.

Others

Revenue from other businesses for the reporting period was approximately RMB1,735,000 (six months ended 30 June 2024: approximately RMB2,201,000).

Cost of Sales

The following table sets forth a breakdown of costs by nature for the periods indicated.

	For the six months ended 30 June				Changes
	2025		2024		
	(Unaudited)		(Unaudited)		
	Percentage		Percentage		
	RMB'000	%	RMB'000	%	%
Staff costs	50,851	20.6	52,510	24.2	(3.2)
Server and SMS costs	22,967	9.3	21,636	10.0	6.2
Transaction costs	84,562	34.3	77,146	35.5	9.6
Technology services expenses	15,692	6.4	10,282	4.7	52.6
Contracted operation services costs	8,643	3.5	10,730	4.9	(19.5)
Taxes and surcharges	4,473	1.8	3,179	1.5	40.7
Insurance premium costs	10,966	4.4	10,269	4.7	6.8
Logistics costs	36,055	14.6	21,333	9.8	69.0
Others	12,500	5.1	10,095	4.7	23.8
Total	246,814	100.0	217,180	100.0	13.6

The Group's costs of sales in the reporting period were approximately RMB246,814,000 (six months ended 30 June 2024: approximately RMB217,180,000), representing an increase of 13.6%, due to (i) logistics costs increased by 69.0% from approximately RMB21,333,000 for the same period of last year to approximately RMB36,055,000, resulting from the rapid growth of Youzan Logistics Solutions, (ii) transaction costs increased by 9.6% from approximately RMB77,146,000 for the same period of last year to approximately RMB84,562,000, and (iii) technology services expenses increased by 52.6% from approximately RMB10,282,000 for the same period of last year to approximately RMB15,692,000 due to the increase in the use of external technology services.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit for the reporting period of approximately RMB466,775,000 (six months ended 30 June 2024: approximately RMB469,149,000), representing a decrease of 0.5%, due to the decrease of gross profit from subscription solutions.

The Group's gross profit margin decreased from 68.4% for the same period of 2024 to 65.4% for the reporting period.

	For the six months ended 30 June 2025 (Unaudited)		2024 (Unaudited)	
	RMB'000	Gross profit margin %	RMB'000	Gross profit margin %
Subscription solutions	287,318	76.9	295,593	78.3
Merchant solutions	178,323	52.7	172,258	56.2
Others	1,134	65.4	1,298	59.0
Total	466,775	65.4	469,149	68.4

Subscription Solutions

The gross profit of subscription solutions for the reporting period was approximately RMB287,318,000 (six months ended 30 June 2024: approximately RMB295,593,000), representing a decrease of 2.8%. The gross profit margin decreased from 78.3% for the six months ended 30 June 2024 to 76.9% for the reporting period, mainly due to the decrease of revenue and increase of related technology services expenses of subscription solutions.

Merchant Solutions

The gross profit of merchant solutions for the reporting period was approximately RMB178,323,000 (six months ended 30 June 2024: approximately RMB172,258,000), representing an increase of 3.5%, which was mainly due to the rapid development of Youzan Logistics Solutions. The gross profit margin decreased from 56.2% for the six months ended 30 June 2024 to 52.7% for the six months ended 30 June 2025, mainly due to the decrease in gross profit margin of transaction service.

Others

Other gross profit for the reporting period was approximately RMB1,134,000 (six months ended 30 June 2024: approximately RMB1,298,000).

Expenses and Others

The Group recorded a 2.2% decrease compared with the same period in 2024 in selling and distribution expenses to approximately RMB259,962,000 (six months ended 30 June 2024: approximately RMB265,763,000). It was mainly due to the decrease in channel commission expenses.

The Group recorded a decrease by 9.4% compared with the same period in 2024 in administrative expenses to approximately RMB63,457,000 (six months ended 30 June 2024: approximately RMB70,020,000), mainly contributed to the decrease in administrative and back office staff which led to the decrease in staff costs.

The Group recorded a 14.9% decrease compared with the same period in 2024 in research and development costs to approximately RMB79,861,000 (six months ended 30 June 2024: approximately RMB93,828,000). The decrease was mainly attributable to the reduction in research and development staff costs with the widespread adoption of AI-driven tools in research and development activities.

The Group recorded a 54.7% decrease compared with the same period in 2024 in equity-settled share-based payment to approximately RMB9,822,000 (six months ended 30 June 2024: approximately RMB21,704,000), since there was no new grant of Awarded Shares under the Share Award Scheme during the six months ended 30 June 2025.

The Group recorded a 22.6% increase compared with the same period in 2024 in investment and other income to approximately RMB24,076,000 (six months ended 30 June 2024: approximately RMB19,636,000). It was mainly due to the increase in government grants and bank interest income benefiting from our fund management.

The Group recorded other net gains of approximately RMB4,868,000 (six months ended 30 June 2024: other net gains of approximately RMB15,522,000).

The Group recorded a 4.1% increase compared with the same period in 2024 in finance costs to approximately RMB9,736,000 (six months ended 30 June 2024: approximately RMB9,350,000), which is relatively stable.

Non-HKFRS measures

To supplement our consolidated financial statements presented in accordance with HKFRS, we also use non-HKFRS measures, namely adjusted earnings before interest, tax, depreciation and amortization (unaudited) and adjusted non-HKFRS earnings for the period (unaudited) as additional financial measures, which are not required by or presented in accordance with HKFRS.

We believe that such non-HKFRS measures facilitate comparisons of operating performance from time to time by eliminating potential impacts of items such as certain non-cash items, non-operating items and non-recurring items.

Additionally, we believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted earnings before interest, tax, depreciation and amortization (unaudited) and adjusted non-HKFRS earnings for the period (unaudited) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measures have limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results of operations or financial conditions reported under HKFRS.

We define adjusted earnings before interest, tax, depreciation and amortization (unaudited) as profit from operations adjusted by adding back equity-settled share-based payments, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, and subtracted by other gains and losses, net, investment and other income.

We define adjusted non-HKFRS earnings for the period (unaudited) as profit/(loss) for the period adjusted by adding back equity-settled share-based payments and amortization of intangible assets, and adjusted for tax on non-HKFRS adjustments (unaudited).

The following table reconciles our adjusted earnings before interest, tax, depreciation and amortization (unaudited) and adjusted non-HKFRS earnings for the period (unaudited) presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit from operations	84,089	2,586
– Equity-settled share-based payments	9,822	21,704
– Depreciation of property, plant and equipment	1,290	3,767
– Depreciation of right-of-use assets	3,944	2,703
– Amortization of intangible assets	–	40,467
– Other gains and losses, net	(4,868)	(15,522)
– Investment and other income	(24,076)	(19,636)
Adjusted earnings before interest, tax, depreciation and amortization (unaudited, re-presented for prior period)	70,201	36,069*
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit/(loss) for the period	72,569	(4,295)
– Equity-settled share-based payments	9,822	21,704
– Amortization of intangible assets	–	40,467
– Adjusted for tax on non-HKFRS adjustments (unaudited)	(34)	(6,070)
Adjusted non-HKFRS earnings for the period (unaudited, re-presented for prior period)	82,357	51,806*

Note: * Certain items in the financial statements have been reclassified to conform with the current period's presentation and the comparative figure of adjusted earnings before interest, tax, depreciation and amortisation (unaudited) and adjusted non-HKFRS earnings for the period (unaudited) has been re-presented accordingly.

Dividends

The Board did not recommend the payment of dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

Gearing Ratio

As at 30 June 2025, the gearing ratio of the Group, which is calculated by dividing total debts (all bank and other borrowings) by total assets as of the end of the period, was 5.7%, as compared with 5.7% as at 31 December 2024, which is relatively stable.

Pledge of Assets

As at 30 June 2025, the Group had no pledge of assets.

Financial Resources and Liquidity

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB939,816,000 (As at 31 December 2024: approximately RMB888,821,000).

As at 30 June 2025, the Group had bank and other borrowings of approximately RMB345,291,000 (As at 31 December 2024: approximately RMB338,725,000).

Foreign Exchange Exposure

Since the Group's operations are mainly located in the PRC, its transactions, monetary assets and liabilities are primarily denominated in Renminbi. The Group monitors its foreign currency risks and will consider hedging significant currency exposures should the need arises.

Employees

As at 30 June 2025, the Group has approximately 1,509 employees (As at 31 December 2024: 1,489). Employees are remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits include performance bonus, share options and share awards etc. The Directors believe that good quality of its employees is a company asset which affects growth and improves profitability. The Group recognizes the importance of staff training and thus regularly provides internal and external training for its staff to enhance their skills and knowledge.

Significant Investment

The Group did not have any significant investments during the six months ended 30 June 2025.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2025, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments or Acquisition of Capital Assets

As at 30 June 2025, the Group has no specific plans for any material investments or acquisition of capital assets.

Contingent Liabilities

As at 30 June 2025, the Group has no material contingent liabilities.

Event After the Reporting Period

Save as disclosed in the interim financial information, there were no other significant events occurred after the reporting period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

Long position in Shares

Directors	Capacity	Interest in shares	Long Position in Shares		% Shareholding
			Interest in underlying shares	Total interest in shares	
Mr. Zhu Ning	Beneficial owner/ Founder of a discretionary trust	433,684,841 5,744,205,768 (Note 1)	1,000,000 (Note 2)	6,178,890,609	18.74
Mr. Yu Tao	Beneficial owner	363,055,968	1,000,000 (Note 2)	364,055,968	1.10
Dr. Fong Chi Wah	Beneficial owner	1,000,000	–	1,000,000	0.003
Mr. Li Shaojie	Beneficial owner	1,000,000	–	1,000,000	0.003
Ms. Li Qingyang	Beneficial owner	4,000	–	4,000	0.00001

Note 1: The shares are held by Whitecrow Investment Ltd. ("Whitecrow"). Whitecrow is a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Mr. Zhu Ning.

Note 2: The Company granted the share options under Share Option Scheme 2019 on 20 January 2023. The share options are valid until 19 January 2028 and have an exercise price of HK\$0.385.

Save as disclosed above, as at 30 June 2025, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

Save as disclosed below, as at 30 June 2025, there was no other person (other than a director or chief executives of the Company) who had any interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long position in Shares

Name of substantial shareholders	Capacity	Number of interest in shares	% Shareholding
Whitecrow Investment Ltd. (Note 1)	Beneficial owner	5,744,205,768	17.42
Double Peace Limited (Note 1)	Interests of controlled corporation	5,744,205,768	17.42
Tricor Equity Trustee Limited (Note 1)	Trustee	5,744,205,768	17.42
TCT (BVI) Limited (Note 2)	Other	1,877,720,921	5.69
THE CORE TRUST COMPANY LIMITED (Note 3)	Trustee	2,413,304,079	7.32

Note 1: Whitecrow is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Double Peace Limited. Mr. Zhu Ning, an executive Director, is the settlor of a discretionary trust which holds the entire issued share capital of Double Peace Limited. Tricor Equity Trustee Limited holds the entire issued share capital of Double Peace Limited as trustee of the discretionary trust.

Note 2: The shares are held through QM Teamwork Limited and Beauty Show Limited. Beauty Show Limited is the nominee to the trustee of certain share incentive schemes of the Company. Beauty Show Limited is wholly owned by TCT (BVI) Limited, which is in turn wholly owned by THE CORE TRUST COMPANY LIMITED.

Note 3: The shares are held through QM Teamwork Limited, Beauty Show Limited and Noble (Nominees) Limited. Beauty Show Limited is the nominee to the trustee of certain share incentive schemes of the Company. Beauty Show Limited is wholly owned by TCT (BVI) Limited, which is in turn wholly owned by THE CORE TRUST COMPANY LIMITED.

SHARE OPTION SCHEME AND SHARE AWARD SCHEME

Share Option Scheme

The Company adopted a share option scheme on 12 June 2019 and terminated on 29 June 2023 (the “Share Option Scheme 2019”). The termination of the Share Option Scheme 2019 will not affect the validity of the outstanding share options, which may continue to be exercised in accordance with the terms of the Share Option Scheme 2019 and the GEM Listing Rules.

Set out below are the details of movements in the outstanding options granted under the Share Option Scheme 2019 during the six months ended 30 June 2025:

	Position held within the Company	Date of grant	As at 1.1.2025	Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period	As at 30.6.2025	Exercise price	Exercisable from	Exercisable until
Name of selected Directors											
Mr. Zhu Ning	Executive Director and chief executive officer	20 January 2023	1,000,000	-	-	-	-	1,000,000	HK\$0.385	20 January 2024 (Note 1)	19 January 2028
Mr. Yu Tao	Executive Director	20 January 2023	1,000,000	-	-	-	-	1,000,000	HK\$0.385	20 January 2024 (Note 1)	19 January 2028
Other employees		20 January 2023	11,600,000	-	-	-	-	11,600,000	HK\$0.385	20 January 2024 (Note 1)	19 January 2028
Total			13,600,000	-	-	-	-	13,600,000			

Notes:

- 100% of the options (the “Options”) became vested on 20 January 2024.
- There is no performance target attached to the Options.

As at 1 January 2025 and 30 June 2025, the number of share options available for grant under the Share Option Scheme 2019 were nil.

On 29 June 2023, the Company was approved at the 2023 annual general meeting to adopt a new share option scheme (the “Share Option Scheme 2023”) and its scheme mandate limit (the “Scheme Mandate Limit”) and its service provider sublimit (the “Service Provider Sublimit”), which are the maximum number of Shares that may be allotted and issued upon the exercise of all share options, together with any share awards to be granted to eligible person(s) or service providers under the Share Option Scheme 2023 or any other share incentive scheme (including the Share Award Scheme (as defined below)) of the Company. No share options were granted, exercised, lapsed or cancelled under the Share Option Scheme 2023 since the date of adoption and during the six months ended 30 June 2025.

As at 30 June 2025, the number of options available for grant and share available for issue under the Scheme Mandate Limit and the Service Provider Sublimit were 57,960,377 and 184,216,420, respectively (as at 1 January 2025: 57,960,377 and 184,216,420, respectively).

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “Share Award Scheme”) on 31 May 2018 (the “Adoption Date”) aimed to recognise the contributions by eligible persons and provide them with incentives in order to retain them for continuing operation and development of the Group, and to attract suitable personnel for further development of the Group. The Share Award Scheme shall be valid and effective for a period of 10 years from the Adoption Date unless early terminated by the Board.

The table below sets out details of share awards granted to various participants/ categories of participants (the “Awarded Shares”) under the Share Award Scheme:

Grantee/ Category	Date of grant	Vesting period	Purchase price	Unvested Awards as at 1 January 2025	Granted during the period	Vested during the period (Note 1)	Forfeited/ Lapsed during the period	Cancelled during the period	Unvested Awards as at 30 June 2025
Other employee participants in aggregate	Seventh Awards	15 January 2023							
		Seventh Awards granted to employees are divided into 2 lots: 2,195,488 Awarded Shares were fully vest on 14 January 2024. Another 3,132,000 Awarded Shares are divided into 3 tranches. The first tranche representing 50% of the awards shall vest when the employees completing 1 year of continuous service to the Group from the date of grant. The second and third tranches each represent 25% of the awards and shall vest in the second and third anniversary from the date of grant, respectively.	N/A	1,223,776	-	1,042,992	94,000	-	86,784
	Eighth Awards	1 April 2023							
		Eighth Awards granted to Selected Participants are divided into 3 lots: (1) 2,747,800 Awarded Shares were fully vest on 31 March 2024, (2) Another 12,131,000 Awarded Shares are divided into 4 tranches. The first and second tranche each represent 20% of the awards shall vest when the Selected Participant completing 1 year of continuous service to the Group from the date of grant. The third and fourth tranches each represent 30% of the awards shall vest in the third and fourth anniversary from the date of grant, respectively; (3) The remaining 18,899,000 Awarded Shares are divided into 4 tranches. The first tranche representing 25% of the awards shall vest when the Selected Participant completing 1 year of continuous service to the Group from the date of grant. The second, third and fourth tranches each represent 25% of the awards shall vest in the second, third and fourth anniversary from the date of grant, respectively.	N/A	17,688,800	-	10,543,200	932,800	-	6,212,800

Grantee/ Category	Date of grant	Vesting period	Purchase price	Unvested Awards as at 1 January 2025	Granted during the period	Vested during the period (Note 1)	Forfeited/ Lapsed during the period	Cancelled during the period	Unvested Awards as at 30 June 2025
Ninth Awards	1 July 2023	Ninth Awards granted to employees are divided into 4 tranches. The first tranche representing 25% of the awards would be vested when the Selected Participant completing 1 year of continuous service to the Group from the date of grant. The second, third and fourth tranches each represent 25% of the awards, and would be vested in the second, third and fourth anniversary from the date of grant, respectively.	N/A	2,303,250	-	767,750	-	-	1,535,500
Tenth Awards	23 December 2024	Tenth Awards granted to employees are divided into 2 lots: (1) 1,321,441,003 Awarded Shares will be vested in 1 year from the Grant Date; and (2) 254,157,702 Awarded Shares will be vested over 1 to 5 years from the Grant Date.	N/A	1,575,598,705	-	-	4,985,764	-	1,570,612,941
				1,596,814,531	-	12,353,942	6,012,564	-	1,578,448,025

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the Awarded Shares were vested during the six months ended 30 June 2025 was HK\$0.10.
2. The numbers of share awards available for grant under the Scheme Mandate Limit as at 1 January 2025 and 30 June 2025 were 57,960,377 Shares and 57,960,377 Shares, respectively.
3. The number of share awards available for grant under the Services Provider Sublimit as at 1 January 2025 and 30 June 2025 were both 184,216,420.

The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 30 June 2025 divided by the weighted average number of the Shares in issue (excluding treasury shares) during the period is nil.

COMPETING INTERESTS AND CONFLICT OF INTEREST

None of the Directors or their respective close associates (as defined in the GEM Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group nor any conflict of interest which has or may have with the Group during the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2025, the Company repurchased a total of 257,868,000 Shares at an aggregate consideration of approximately HK\$23.79 million on the Stock Exchange. The details of the repurchase of such Shares are set out as follows:

Month of repurchase	Number of Shares repurchased	Number of Shares repurchased and held as treasury Shares	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration (HK\$'000)
January 2025	4,000,000	4,000,000	0.108	0.104	428
February 2025	–	–	N/A	N/A	N/A
March 2025	59,888,000	59,888,000	0.104	0.097	6,084
April 2025	136,392,000	136,392,000	0.101	0.079	11,945
May 2025	40,588,000	40,588,000	0.095	0.086	3,721
June 2025	17,000,000	17,000,000	0.097	0.090	1,613
Total	257,868,000	257,868,000			23,791

The Board considers that the share repurchase will demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to its Shareholders. The Board believes that the current financial resources of the Company would enable it to implement the share repurchase while maintaining a solid financial position.

On 5 March 2025, the Company transferred a total of 1,575,598,705 treasury shares to the trustee pursuant to the Share Award Scheme. The Company held 430,264,377 treasury Shares as of 30 June 2025. The Company intends to resell the treasury Shares or use treasury Shares for other purposes in compliance with the Listing Rules.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares, if any) during the reporting period.

CHANGE IN DIRECTORS' INFORMATION

There has been no change in information on the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Company's specific enquiry, each director has confirmed that during the six months ended 30 June 2025, he/she had complied with the required standard of dealings and the code of conduct.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code ("Code") in Appendix C1 to the GEM Listing Rules.

The Company has complied with the provisions of the Code during the six months ended 30 June 2025, except for the deviation from code provision C.2.1 of the Code, details of which are set out in the paragraph headed "Chairman and Chief Executive Officer" of this report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

Since 19 February 2021, Mr. Zhu Ning, who has been an executive director and the chief executive officer of the Company since May 2018, has also been appointed as the chairman of the Board. Such practice deviates from the code provision C.2.1 of the Code.

Mr. Zhu Ning has been the key leadership figure since joining the Group who has primarily participated in formulation of business plans, strategies and major decisions of the Group, and has been responsible for the overall management of the Group. Taking into account the continuation of the implementation of our business plans, the Directors consider that Mr. Zhu is the best candidate for both positions and this arrangement is beneficial and in the interests of our Company and the shareholders as a whole. Therefore, the Board considers the deviation from the code provision C.2.1 of the Code is appropriate in such circumstances.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in compliance with the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Dr. Fong Chi Wah, Mr. Deng Tao and Mr. Li Shaojie. The Audit Committee is chaired by Dr. Fong Chi Wah. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group.

The Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results announcement for the six months ended 30 June 2025 and is of the opinion that such results have complied with the applicable accounting standards and the requirements under the GEM Listing Rules.

By order of the Board
Youzan Technology Limited
Zhu Ning
Chairman

Hong Kong, 11 August 2025

As at the date of this report, the Board comprises the following Directors:

Executive Directors

Mr. Zhu Ning
Mr. Yu Tao

Independent Non-executive Directors

Dr. Fong Chi Wah
Mr. Deng Tao
Mr. Li Shaojie
Ms. Li Qingyang

This report will remain on the Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its publication and on the Company’s website at www.youzan.com.