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Youzan Technology Limited

有贊科技有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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.

*This announcement, 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 announcement 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 announcement or any statement herein misleading.*

The board of Directors of the Company (the “**Board**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2025 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2024. The Group’s results have been audited by the independent auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, and have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board.

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended 31 December		
	2025	2024	Changes
	<i>RMB’000</i>	<i>RMB’000</i>	%
Revenue	1,487,061	1,442,291	3.1
Gross profit	984,389	978,205	0.6
Gross profit margin (%)	66.2	67.8	(1.6)
Profit/(loss) from operations	171,582	(132,681)	n/a
Profit/(loss) before tax	166,901	(155,665)	n/a
Profit/(loss) for the year	163,007	(165,849)	n/a
Earnings/(loss) attributable to owners of the Company	163,113	(176,621)	n/a
Adjusted earnings before interest, tax, depreciation and amortisation (Non-HKFRS measure, re-presented for prior year)	184,029	101,680	81.0

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Youzan provides merchants with cloud-based commerce services primarily include subscription solutions and merchant solutions. Merchants subscribing for our subscription solutions form the backbone of our customer base, where merchants may choose from a variety of categories and tiers of subscription solution packages embedded with a variety of SaaS products that best suit their business nature and commercial needs. These SaaS products are primarily developed for assisting merchants with store management, promotion management, customer management and data analysis. For these subscribing merchants, they can also enjoy a suite of value-added services offered under merchant solutions, which they can elect to subscribe for as and when desired.

Subscription solutions offer a suite of SaaS products bundled under different solution packages, which can be categorised into e-commerce SaaS (Youzan WeiMall), and store SaaS (mainly include Youzan Store, Youzan Chain and Youzan Beauty). These solution packages are embedded with a variety of prescribed SaaS products and solutions tailored for specific commercial scenarios, where merchants can select the one that most suit their business formats.

Youzan WeiMall is an integrated social-media-based e-commerce solution designed for merchants of all industries operating under various online scenarios. Youzan WeiMall helps merchants build a comprehensive e-commerce management system to capitalise user traffic of leading social media platforms in the PRC, enhance their brand awareness and efficiently improve sales. Youzan WeiMall is used by merchants from a wide array of industries including fashion, food, cosmetics, digital products, garments, healthcare and home appliances, among others.

Youzan Store is a cross-channel, integrated commerce service solution designed for retail merchants with both online and offline operations. It helps retail merchants establish online operations, upgrade their storefront operating systems, and grow sales both online and offline. Youzan Store provides merchants with a one-stop digital solution covering storefront operations, scenario-based marketing, member-based marketing, data-based decision-making, sales channels integration and business coordination with third-party systems.

Youzan Chain is a digital and intelligent commerce service solution designed for merchants with chain or franchise stores. It helps merchants manage multi-layer online and offline storefronts, realise cross-channel sales growth, and achieve operational efficiency through digitalisation.

Youzan Beauty provides an integrated commerce service solution designed for merchants in the beauty industry, such as personal care, hairdressing, body care, dental care and nail art operators to build up their e-commerce storefronts that link up with their offline personalised services. It provides functions such as storefront management, online reservation, commission management, promotion and marketing, membership management, cross-channel management, and data analytics and reporting. Through functionalities that integrate online and offline operations, Youzan Beauty is able to help merchants digitalise storefront management, marketing management, membership management and chain store management.

Leveraging Youzan Cloud Platform and PaaS capabilities, we also offer customised SaaS products, application programming interfaces (APIs) as well as third-party developed “plug-ins” to subscribing merchants, which are made available on the Youzan App Market, an app store built on the Youzan Cloud Platform.

Youzan empowers its products and solutions with third-party generative artificial intelligence (or AI) models to improve the performance and efficiency of these products and solutions in the areas of content generation, intelligent Q&A, and workflow automation, aimed at providing more enhanced support to various operational needs of its subscribing merchants.

We provide merchants with a series of value-added services to address their online and/or offline operation needs, which can be categorised into third-party payment services (also known as transaction service), and online/offline value added services such as merchandise sourcing and distribution (Youzan Distribution), logistics arrangements (Youzan Logistics Solutions) and consumer protection (Youzan Worry-free Shopping).

Third-party payment service facilitates merchants (as payees) in accepting, processing and settling consumer merchandise purchases made through online storefront of subscribing merchants.

Youzan Worry-free Shopping aims to boost consumers’ confidence in merchants and their products and, in turn, increase the sales for merchants. Through Youzan Worry-free Shopping, we bookmark and signify merchants that have been verified by the “National Enterprise Credit Information System” to enhance consumers’ confidence.

Youzan Distribution provides merchants with additional means to facilitate effective and efficient sales and distribution of products. Through Youzan Distribution, merchants who manufacture and supply products (the “**supplying merchant(s)**”) can more effectively and efficiently identify and establish collaborative relationships with merchants who want to distribute such products (the “**distributing merchant(s)**”) in a cost-effective manner, enabling both to expand their sourcing and sales capability.

Youzan Logistics Solutions provides logistics-related services to merchants and their consumers. On the one hand, it enables merchants to request courier services from logistics companies for express delivery, as well as on-demand delivery riders for same-city delivery under SaaS products. On the other hand, merchants can offer doorsteps pick-up service to consumers for merchandise return through relevant displayed function on their online storefront powered by the SaaS products.

We adhered to the vision of “customer-centric”, continuing to deepen our understanding of core customer base’s business, and taking “creating value for customers” as the direction to improve our solution capabilities and helping merchants to increase their sales.

For the year ended 31 December 2025, the gross merchandise volume generated by the merchants through Youzan’s solutions reached approximately RMB103.0 billion. The gross merchandise volume of store SaaS business was approximately RMB53.7 billion, increased by approximately 3%, accounting for 52% of the gross merchandise volume. The average sales of a single merchant were approximately RMB1,950,000 in the year of 2025, representing an increase of approximately 6% year-on-year.

As of 31 December 2025, we had 52,809 paying merchants, of which approximately 61% subscribed for e-commerce SaaS solution packages; approximately 39% subscribed for store SaaS solution packages, including Youzan Store, Youzan Chain, Youzan Beauty.

For the year ended 31 December 2025, the number of new paying merchants totaled to 18,068, of which approximately 52% subscribed for our e-commerce SaaS solution packages, and approximately 48% subscribed for our store SaaS solution packages.

As of 31 December 2025, Youzan had a total of 1,675 employees.

BUSINESS DEVELOPMENT STRATEGIES

Achieve accelerated revenue growth while maintaining profit margins.

Accelerate the implementation of AI applications and commercialize AI capabilities.

FINANCIAL REVIEW

Revenue

In 2025, the Group's revenue was approximately RMB1,487,061,000 (2024: approximately RMB1,442,291,000), representing a year-on-year increase of 3.1% as compared to 2024, which was mainly attributable to the increase in revenue from merchant solutions which was partially offset by the decrease in revenue from subscription solutions.

The following table sets forth the revenue breakdown by major products and services for the years indicated.

	For the year ended 31 December		
	2025	2024	Changes
	<i>RMB'000</i>	<i>RMB'000</i>	%
Subscription Solutions	769,752	780,638	(1.4)
Merchant Solutions	714,890	658,215	8.6
Others	2,419	3,438	(29.6)
Total	<u>1,487,061</u>	<u>1,442,291</u>	<u>3.1</u>

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 our subscribing merchants through SaaS products. Revenue generated from subscription solutions was approximately RMB769,752,000 (2024: approximately RMB780,638,000), representing a year-on-year decrease of 1.4%, which was mainly attributable to the decrease in the number of subscribing merchants in the course of refining our customer base by focusing on a more targeted strategy of pursuing larger size merchants. Nevertheless, during the year ended 31 December 2025, the Group achieved continuous improvement in ARPU for subscription solutions, which limited the negative impact on revenue generated from subscription solutions from the reduced number of subscribing merchants to a manageable level.

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 third-party payment service (also known as transaction service), service fees charged for Youzan Logistic Solutions, Youzan Distribution, as well as Youzan Worry-free Shopping. Transaction service fee and service fees for Youzan Distribution and Youzan Worry-free Shopping are determined with reference to the GMV generated by merchants through solutions while service fees charged for Youzan Logistics Solutions are mainly determined on a per-item basis. In 2025, revenue from merchant solutions was approximately RMB714,890,000 (2024: approximately RMB658,215,000), representing a year-on-year increase of 8.6% which was mainly attributable to the increase in revenue from logistic solutions due to the increasing number of delivery orders from our subscribing merchants.

Others

In 2025, revenue from other businesses was approximately RMB2,419,000 (2024: approximately RMB3,438,000), representing a year-on-year decrease of 29.6%.

Cost of Sales

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

	For the year ended 31 December				Changes %
	2025		2024		
	<i>RMB'000</i>	<i>Percentage (%)</i>	<i>RMB'000</i>	<i>Percentage (%)</i>	
Staff costs	94,354	18.8	100,291	21.6	(5.9)
Server and SMS costs	48,726	9.7	43,582	9.4	11.8
Transaction costs	167,364	33.3	162,161	34.9	3.2
Technology services expenses	35,717	7.1	26,649	5.7	34.0
Contracted operation service costs	26,135	5.2	23,936	5.2	9.2
Taxes and surcharges	7,582	1.5	7,429	1.6	2.1
Insurance premium costs	23,412	4.6	22,721	4.9	3.0
Logistic costs	75,316	15.0	56,067	12.1	34.3
Others	24,066	4.8	21,250	4.6	13.3
Total	<u>502,672</u>	<u>100.0</u>	<u>464,086</u>	<u>100</u>	<u>8.3</u>

In 2025, the Group's cost of sales was approximately RMB502,672,000 (2024: approximately RMB464,086,000), representing a year-on-year increase of 8.3%, which was mainly because (i) logistic costs increased by 34.3% from approximately RMB56,067,000 in 2024 to approximately RMB75,316,000 in 2025, mainly due to the rapid growth of Youzan Logistic Solutions, (ii) transaction costs increased by 3.2% from approximately RMB162,161,000 in 2024 to approximately RMB167,364,000 in 2025, which was partly attributable to the fluctuating processing fee rates charged by upstream clearing institutions for different merchant industry segments, (iii) Server and SMS costs increased by 11.8% from approximately RMB43,582,000 in 2024 to approximately RMB48,726,000 in 2025 with the expansion of our business. Meanwhile, the increase in cost of sales was mainly offset by (iv) a decrease of 5.9% in staff costs from approximately RMB100,291,000 in 2024 to approximately RMB94,354,000 in 2025, mainly as a result of the Group's efforts in optimising its operating efficiency and streamlining its headcounts.

Gross Profit and Gross Profit Margin

In 2025, the Group recorded a gross profit of approximately RMB984,389,000 (2024: approximately RMB978,205,000), representing a year-on-year increase of 0.6%, due to the increase of gross profit from merchant solutions, partially offset by decrease of gross profit from subscription solutions. In 2025, the Group's gross profit margin decreased from 67.8% in 2024 to 66.2% in current year, primarily due to the decrease of gross profit margin of subscription solutions, partially offset by the increase in the gross profit margin of merchant solutions.

	For the year ended 31 December			
	2025		2024	
	<i>Gross profit</i>		<i>Gross profit</i>	
	<i>RMB'000</i>	<i>margin (%)</i>	<i>RMB'000</i>	<i>margin (%)</i>
Subscription Solutions	595,358	77.3	620,798	79.5
Merchant Solutions	388,684	54.4	354,726	53.9
Others	347	14.3	2,681	78.0
Total	<u>984,389</u>	<u>66.2</u>	<u>978,205</u>	<u>67.8</u>

Subscription Solutions

In 2025, the gross profit of subscription solutions was approximately RMB595,358,000 (2024: approximately RMB620,798,000), representing a year-on-year decrease of 4.1%. The decrease in gross profit was mainly due to the decrease in the revenue of subscription solutions, driven by a decrease in the number of subscribing merchants during the course of the Group's customer base refinement process. In 2025, the gross profit margin of subscription solutions decreased from 79.5% in 2024 to 77.3% in current year, primarily due to the decrease in the revenue of subscription solutions.

Merchant Solutions

In 2025, the gross profit of merchant solutions was approximately RMB388,684,000 (2024: approximately RMB354,726,000), representing a year-on-year increase of 9.6%, which was mainly due to the revenue growth in merchant solutions. In 2025, the gross profit margin of merchant solutions increased from 53.9% in 2024 to 54.4% in current year, which is in line with the increase in revenue from merchant solutions.

Others

In 2025, other gross profit was approximately RMB347,000 (2024: approximately RMB2,681,000), and the gross profit margin decreased accordingly.

Expenses and others

In 2025, the Group recorded a 0.2% year-on-year decrease in selling expenses to approximately RMB555,129,000 (2024: approximately RMB556,423,000), with a moderate increase in staff costs (as the Group adjusted its sales force to facilitate its business development plans) largely offset by a continuous reduction in channel commission expenses.

In 2025, the Group recorded a 4.2% year-on-year decrease in administrative expenses to approximately RMB132,053,000 (2024: approximately RMB137,864,000). It was mainly due to the decrease in staff costs driven by the reduction in administrative related manpower as a result of the Group's continuous efforts in optimising its operating efficiency.

In 2025, the Group recorded a 8.4% year-on-year decrease in research and development costs to approximately RMB164,131,000 (2024: approximately RMB179,201,000) as a result of reduction in research and development staff pursuant to the Group's efforts in optimising its operating efficiency and rationalizing its research and development arrangements.

In 2025, the Group recorded a 88.9% year-on-year decrease in equity-settled share-based payments to approximately RMB19,298,000 (2024: approximately RMB173,590,000), as there was a one-off grant of share awards following completion of the Acquisition in December 2024, and there was no new share awards granted in 2025.

In 2025, the Group recorded a 8.8% year-on-year increase in investment and other income to approximately RMB45,923,000 (2024: approximately RMB42,190,000). It was mainly due to the increase in bank interest income.

In 2025, the Group recorded other net gains of approximately RMB11,421,000 (2024: other net losses of approximately RMB32,092,000). In 2024, the Group recorded a one-off administrative penalty of approximately RMB27.9 million imposed by the People's Bank of China for its historical non-compliance during 2021 and 2022. All of the non-compliances have been rectified under the guidance of the People's Bank of China and the Group turned into a position of other net gain in 2025 primarily as a result of the absence of the aforementioned one-off administrative penalty.

In 2025, the Group recorded reversal of impairment losses on financial assets of approximately RMB460,000 (2024: approximately RMB5,843,000), which is mainly due to improved recoverability of financial assets.

In 2025, the Group recorded a 18.1% year-on-year decrease in finance costs to approximately RMB19,233,000 (2024: approximately RMB23,472,000). It was mainly due to the decrease in bank and other borrowings during the year of 2025 compared with the year of 2024.

Non-HKFRS measures

To supplement our consolidated financial statements presented in accordance with HKFRS, we also use non-HKFRS measures, namely adjusted net profit/(loss) (non-HKFRS measure) and adjusted earnings before interest, tax, depreciation and amortisation (non-HKFRS measure) 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 net profit/(loss) (non-HKFRS measure) and adjusted earnings before interest, tax, depreciation and amortisation (non-HKFRS measure) 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.

Adjusted net profit/(loss) (non-HKFRS measure) is herewith defined as net profit/(loss) for the year adjusted by adding back equity settled share-based payments. We define adjusted earnings before interest, tax, depreciation and amortisation (non-HKFRS measure) as adjusted net profit/(loss) (non-HKFRS measure) further adjusted by adding back income tax expense/(credit), net finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortisation of intangible assets.

* *The definition of adjusted earnings before interest, tax, depreciation and amortisation (non-HKFRS measure) have been adjusted to conform with Chapter 3.11 of the Guide for New Listing Applicants, and the comparative figure of adjusted earnings before interest, tax, depreciation and amortisation (non-HKFRS measure) has been re-presented accordingly.*

The following table reconciles our adjusted net profit/(loss) (non-HKFRS measure) and adjusted earnings before interest, tax, depreciation and amortisation (non-HKFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the year ended	
	31 December	
	2025	2024
	RMB'000	RMB'000
Profit/(Loss) for the year	163,007	(165,849)
– Equity-settled share-based payments <i>Note 1</i>	19,298	173,590
Adjusted net Profit/(Loss) (non-HKFRS measure)	182,305	7,741
– Income tax expense/(credit) <i>Note 2</i>	3,894	10,184
– Net finance cost <i>Note 2, 3</i>	(12,234)	(6,831)
– Depreciation of property, plant and equipment <i>Note 2</i>	2,443	5,050
– Depreciation of right-of-use assets <i>Note 2</i>	7,621	5,787
– Amortisation of intangible assets <i>Note 2</i>	–	79,749
Adjusted profit/(loss) before interest, tax, depreciation and amortisation (non-HKFRS measure)	184,029	101,680

Notes:

- Adjusted as it is non-cash in nature.
- Adjusted in accordance with the definition of “earnings before interest, tax, depreciation and amortisation” (ie., EBITDA).
- Net finance costs equal to finance costs less interest income.

DIVIDEND

The Directors did not recommend the payment of final dividend for the year ended 31 Decemeber 2025 (2024: Nil).

GEARING RATIO

As at 31 December 2025, the gearing ratio of the Group, which is calculated by dividing total debt (all bank and other borrowings) by total assets as of the end of the period, was 6.2%, as compared with 5.7% as of 31 December 2024. The decrease was primarily due to the decrease of balances with central bank and increase of interest-bearing bank and other borrowings.

PLEDGE OF ASSETS

As at 31 December 2025, the Group had no pledge of assets (2024: Nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB1,080,475,000 (2024: approximately RMB888,821,000).

As at 31 December 2025, the Group had borrowings of approximately RMB352,105,000 (2024: 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

As at 31 December 2025, the Group has no specific plans for any material investments or capital assets.

EVENT AFTER REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2025 and up to the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	4	1,487,061	1,442,291
Cost of sales		<u>(502,672)</u>	<u>(464,086)</u>
Gross profit		984,389	978,205
Investment and other income	4	45,923	42,190
Other gains and losses, net	4	11,421	(32,092)
Selling and distribution expenses		(555,129)	(556,423)
Administrative expenses		(132,053)	(137,864)
Reversal of impairment losses on financial assets, net		460	5,843
Equity-settled share-based payments		(19,298)	(173,590)
Amortisation of intangible assets		–	(79,749)
Research and development costs		<u>(164,131)</u>	<u>(179,201)</u>
PROFIT/(LOSS) FROM OPERATIONS		171,582	(132,681)
Finance costs	6	(19,233)	(23,472)
Fair value changes in financial assets at fair value through profit or loss (“FVTPL”)		<u>14,552</u>	<u>488</u>
PROFIT/(LOSS) BEFORE TAX	5	166,901	(155,665)
Income tax expense	7	<u>(3,894)</u>	<u>(10,184)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>163,007</u>	<u>(165,849)</u>
Attributable to:			
Owners of the parent		163,113	(176,621)
Non-controlling interests		<u>(106)</u>	<u>10,772</u>
		<u>163,007</u>	<u>(165,849)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted (<i>RMB yuan</i>)		<u>0.0053</u>	<u>(0.0054)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>163,007</u>	<u>(165,849)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>7,889</u>	<u>(11,776)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income (“FVTOCI”):		
Changes in fair value	29,580	6,828
Exchange differences:		
Exchange differences on translation of the Company’s financial statements	<u>(4,998)</u>	<u>2,402</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>24,582</u>	<u>9,230</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>32,471</u>	<u>(2,546)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u><u>195,478</u></u>	<u><u>(168,395)</u></u>
Attributable to:		
Owners of the parent	195,584	(179,167)
Non-controlling interests	<u>(106)</u>	<u>10,772</u>
	<u><u>195,478</u></u>	<u><u>(168,395)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2025

		2025	2024
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,031	4,132
Right-of-use assets		12,659	14,843
Goodwill		341,326	341,326
Other intangible assets		613,070	613,070
Capitalised contract costs	15	47,595	47,910
Financial assets at FVTPL	10	297,419	282,975
Equity investments designated at FVTOCI	11	102,805	73,225
Deferred tax assets		34,500	34,500
Prepayments, other receivables and other assets	14	509	509
		<u>1,454,914</u>	<u>1,412,490</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		909	645
Trade receivables	12	28,430	31,956
Factoring loan receivables	13	4,998	110,562
Prepayments, other receivables and other assets	14	218,206	236,267
Capitalised contract costs	15	114,607	97,623
Amounts due from related companies		782	1,295
Restricted bank balances	16	2,359	3,895
Balances with central bank	16	2,815,150	3,127,657
Cash and cash equivalents	16	1,080,475	888,821
		<u>4,265,916</u>	<u>4,498,721</u>
Total current assets			

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade payables	<i>17</i>	39,036	9,819
Other payables and accruals	<i>18</i>	313,466	395,675
Contract liabilities	<i>19</i>	485,708	437,385
Settlement obligations	<i>20</i>	2,919,021	3,276,258
Lease liabilities		20,953	20,387
Tax payable		6,614	3,863
Amounts due to non-controlling shareholders of subsidiaries		737	734
Amount due to a related company		503	25
		<u>3,786,038</u>	<u>4,144,146</u>
Total current liabilities		<u>3,786,038</u>	<u>4,144,146</u>
NET CURRENT ASSETS		<u>479,878</u>	<u>354,575</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,934,792</u>	<u>1,767,065</u>
NON-CURRENT LIABILITIES			
Contract liabilities	<i>19</i>	188,277	207,135
Interest-bearing bank and other borrowings	<i>21</i>	352,105	338,725
Lease liabilities		36,547	52,718
Deferred tax liabilities		92,583	92,996
		<u>669,512</u>	<u>691,574</u>
Total non-current liabilities		<u>669,512</u>	<u>691,574</u>
Net assets		<u>1,265,280</u>	<u>1,075,491</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		286,938	286,938
Treasury shares		(25,623)	(10,054)
Reserves		1,005,739	800,275
		<u>1,267,054</u>	<u>1,077,159</u>
Non-controlling interests		<u>(1,774)</u>	<u>(1,668)</u>
Total equity		<u>1,265,280</u>	<u>1,075,491</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the parent										
	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	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	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
Loss for the year	-	-	-	-	-	-	-	(176,621)	(176,621)	10,772	(165,849)
Other comprehensive income/(loss) for the year:											
Changes in fair value of equity investments designated at FVTOCI	-	-	-	-	-	-	6,828	-	6,828	-	6,828
Exchange differences on translation	-	-	-	-	-	-	(9,374)	-	(9,374)	-	(9,374)
Total comprehensive loss for the year	-	-	-	-	-	-	(2,546)	(176,621)	(179,167)	10,772	(168,395)
Shares repurchased	-	(10,054)	-	-	-	-	-	-	(10,054)	-	(10,054)
Equity contributions from a related party controlled by a shareholder and executive director (note 21)	-	-	71,460	-	-	-	-	-	71,460	-	71,460
Deregistration of subsidiaries	-	-	-	-	-	-	(1,925)	1,925	-	-	-
Equity-settled share-based payments	-	-	-	69	-	173,521	-	-	173,590	-	173,590
Release upon lapse of share options	-	-	-	(45,070)	-	-	-	45,070	-	-	-
Fully-vested awarded shares transferred to awardees	-	-	25,200	-	4,332	(29,532)	-	-	-	-	-
Transferred from retained profits	-	-	-	-	-	-	14,543	(14,543)	-	-	-
At 31 December 2024	<u>286,938</u>	<u>(10,054)</u>	<u>8,291,894</u>	<u>1,768</u>	<u>(10,884)</u>	<u>183,028</u>	<u>(3,018,251)</u>	<u>(4,647,280)</u>	<u>1,077,159</u>	<u>(1,668)</u>	<u>1,075,491</u>

	Attributable to owners of the parent										
	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)/ retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	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 for the year	-	-	-	-	-	-	-	163,113	163,113	(106)	163,007
Other comprehensive income for the year:											
Changes in fair value of equity investments designated at FVTOCI	-	-	-	-	-	-	29,580	-	29,580	-	29,580
Exchange differences on translation	-	-	-	-	-	-	2,891	-	2,891	-	2,891
Total comprehensive income for the year	-	-	-	-	-	-	32,471	163,113	195,584	(106)	195,478
Shares repurchased	-	(24,987)	-	-	-	-	-	-	(24,987)	-	(24,987)
Allotment of awarded shares to trustee	-	9,418	-	-	(9,418)	-	-	-	-	-	-
Cancellation of share premium	-	-	(8,220,434)	-	-	-	669,003	7,551,431	-	-	-
Deregistration of subsidiaries	-	-	-	-	-	-	(17)	17	-	-	-
Equity-settled share-based payments	-	-	-	-	-	19,298	-	-	19,298	-	19,298
Release upon lapse of share options	-	-	-	(281)	-	-	-	281	-	-	-
Fully-vested awarded shares transferred to awardees	-	-	144,032	-	17,510	(161,542)	-	-	-	-	-
Transferred from retained profits	-	-	-	-	-	-	26,031	(26,031)	-	-	-
At 31 December 2025	<u>286,938</u>	<u>(25,623)</u>	<u>215,492</u>	<u>1,487</u>	<u>(2,792)</u>	<u>40,784</u>	<u>(2,290,763)</u>	<u>3,041,531</u>	<u>1,267,054</u>	<u>(1,774)</u>	<u>1,265,280</u>

* These reserve accounts comprise the consolidated reserves of RMB1,005,739,000 (2024: RMB800,275,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net cash flows from operating activities	<u>245,210</u>	<u>68,043</u>
Net cash flows (used in)/from investing activities	<u>(448)</u>	<u>430</u>
Net cash flows used in financing activities	<u>(51,882)</u>	<u>(110,968)</u>
Net increase/(decrease) in cash and cash equivalents	192,880	(42,495)
Cash and cash equivalents at beginning of year	888,821	926,265
Effect of foreign exchange rate changes, net	<u>(1,226)</u>	<u>5,051</u>
Cash and cash equivalents at end of year	<u>1,080,475</u>	<u>888,821</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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 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").

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at FVTPL and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) Third-party payment services segment engages in the provision of third-party payment services and related consultancy services;
- (b) Merchant services segment engages in the provision of e-commerce platforms with a variety of SaaS products and comprehensive services primarily through Youzan Technology Inc. and its subsidiaries (“**Youzan Group**”), which owns Youzan WeiMall, Youzan Retail, Youzan Beauty and other SaaS products.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that equity-settled share-based payments, fair value gains/losses from the Group’s financial instruments as well as corporate and other unallocated income and expenses are excluded from such measurement.

Segment assets exclude goodwill, financial assets at FVTPL, equity investments designated at FVTOCI, deferred tax assets and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2025

	Third-party payment services RMB'000	Merchant services* RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	306,504	1,180,557	1,487,061
Intersegment sales	59	60,504	60,563
	<hr/>	<hr/>	<hr/>
Total segment revenue	306,563	1,241,061	1,547,624
<i>Reconciliation:</i>			
Elimination of intersegment sales			(60,563)
			<hr/>
Revenue			<u>1,487,061</u>
Segment results	108,038	88,422	196,460
<i>Reconciliation:</i>			
Equity-settled share-based payments			(19,298)
Changes in fair value of financial assets at FVTPL			14,552
Corporate and other unallocated income and expenses, net			(24,813)
			<hr/>
Profit before tax			<u>166,901</u>
Segment assets	3,204,997	1,571,905	4,776,902
<i>Reconciliation:</i>			
Goodwill			341,326
Financial assets at FVTPL			297,419
Equity investments designated at FVTOCI			102,805
Deferred tax assets			34,500
Corporate and other unallocated assets			167,878
			<hr/>
Total assets			<u>5,720,830</u>
Segment liabilities	2,958,167	1,389,831	4,347,998
<i>Reconciliation:</i>			
Tax payable			6,614
Deferred tax liabilities			92,583
Corporate and other unallocated liabilities			8,355
			<hr/>
Total liabilities			<u>4,455,550</u>
Other segment information			
Reversal of impairment losses in the statement of profit or loss, net	–	(460)	(460)
Depreciation and amortisation	3,307	6,494	9,801
Amortisation of capitalised contract costs	–	141,453	141,453
Gain on derecognition of other payables	–	(9,090)	(9,090)
Interest income	(14,617)	(15,528)	(30,145)
Interest expenses	245	18,968	19,213
Capital expenditure**	1,341	40,089	41,430

Year ended 31 December 2024

	Third-party payment services <i>RMB'000</i>	Merchant services* <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)			
Sales to external customers	313,113	1,129,178	1,442,291
Intersegment sales	<u>73</u>	<u>59,518</u>	<u>59,591</u>
Total segment revenue	313,186	1,188,696	1,501,882
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(59,591)</u>
Revenue			<u><u>1,442,291</u></u>
Segment results	93,653	(48,864)	44,789
<i>Reconciliation:</i>			
Equity-settled share-based payments			(173,590)
Changes in fair value of financial assets at FVTPL			488
Corporate and other unallocated income and expenses, net			<u>(27,352)</u>
Loss before tax			<u><u>(155,665)</u></u>
Segment assets	3,482,548	1,595,012	5,077,560
<i>Reconciliation:</i>			
Goodwill			341,326
Financial assets at FVTPL			282,975
Equity investments designated at FVTOCI			73,225
Deferred tax assets			34,500
Corporate and other unallocated assets			<u>101,625</u>
Total assets			<u><u>5,911,211</u></u>
Segment liabilities	3,317,774	1,411,938	4,729,712
<i>Reconciliation:</i>			
Tax payable			3,863
Deferred tax liabilities			92,996
Corporate and other unallocated liabilities			<u>9,149</u>
Total liabilities			<u><u>4,835,720</u></u>
Other segment information			
Reversal of impairment losses in the statement of profit or loss, net	–	(5,843)	(5,843)
Depreciation and amortisation	1,554	88,810	90,364
Amortisation of capitalised contract costs	–	147,470	147,470
Gain on derecognition of other payables	–	(8,309)	(8,309)
Interest income	(12,416)	(15,927)	(28,343)
Interest expenses	70	23,365	23,435
Capital expenditure**	8,011	36,431	44,442

* Due to the simplification of the management structure during the current year, other segment has been combined into merchant services segment. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

** Capital expenditure consists of additions to property, plant and equipment and right-of-use assets, capitalised contract costs and non-current prepayments, other receivables and other assets.

4. REVENUE, INVESTMENT AND OTHER INCOME AND OTHER GAINS AND LOSSES, NET

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	
Revenue from contracts with customers			
Subscription solutions	769,752	780,638	
Merchant solutions	714,890	658,215	
Others	2,419	3,438	
Total	<u>1,487,061</u>	<u>1,442,291</u>	
Disaggregated revenue information			
For the year ended 31 December 2025	Third-party payment services <i>RMB'000</i>	Merchant services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Subscription solutions	–	769,752	769,752
Merchant solutions	306,504	408,386	714,890
Others	–	2,419	2,419
Total	<u>306,504</u>	<u>1,180,557</u>	<u>1,487,061</u>
Geographical markets			
The PRC	306,504	1,174,386	1,480,890
Canada	–	3,696	3,696
United States of America	–	2,062	2,062
Japan	–	413	413
Total	<u>306,504</u>	<u>1,180,557</u>	<u>1,487,061</u>
Timing of revenue recognition			
Goods or services transferred at a point in time	306,504	408,939	715,443
Services transferred over time	–	771,618	771,618
Total	<u>306,504</u>	<u>1,180,557</u>	<u>1,487,061</u>

For the year ended 31 December 2024	Third-party payment services <i>RMB'000</i>	Merchant services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Subscription solutions	–	780,638	780,638
Merchant solutions	313,113	345,102	658,215
Others	–	3,438	3,438
Total	<u>313,113</u>	<u>1,129,178</u>	<u>1,442,291</u>
Geographical markets			
The PRC	313,113	1,125,016	1,438,129
Canada	–	2,182	2,182
United States of America	–	1,373	1,373
Japan	–	607	607
Total	<u>313,113</u>	<u>1,129,178</u>	<u>1,442,291</u>
Timing of revenue recognition			
Goods or services transferred at a point in time	313,113	387,169	700,282
Services transferred over time	–	742,009	742,009
Total	<u>313,113</u>	<u>1,129,178</u>	<u>1,442,291</u>

An analysis of investment and other income is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income from bank deposits	21,909	21,571
Interest income from central bank	9,558	8,732
Investment income received	2,572	1,082
Government grants (<i>note (a)</i>)	4,794	2,376
Rental income from operating leases arrangements	2,148	1,233
Others	4,942	7,196
Total	<u>45,923</u>	<u>42,190</u>

Note (a):

The government grants mainly represent incentives awarded by the local governments to support the Group's operations. There were no unfulfilled conditions or contingencies attached to these government grants.

An analysis of other gains and losses, net is as follows:

	2025	2024
	RMB'000	RMB'000
Gain on derecognition of other payables	9,090	8,309
Gain on disposal of items of property, plant and equipment, net	322	587
Write-off of property, plant and equipment	–	(611)
Gain on termination of leases, net	–	851
Foreign exchange differences, net	1,392	(483)
Late fees and penalties	(222)	(31,393)
Liquidated damages for early termination of lease	–	(3,051)
Others	839	(6,301)
	<hr/>	<hr/>
Total	11,421	(32,092)
	<hr/> <hr/>	<hr/> <hr/>

5. PROFIT/(LOSS) BEFORE TAX

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

	2025	2024
	RMB'000	RMB'000
Cost of inventories sold	659	368
Cost of services provided	502,013	463,718
Depreciation of property, plant and equipment	2,443	5,050
Depreciation of right-of-use assets	7,621	5,787
Amortisation of intangible assets*	–	79,749
Amortisation of capitalised contract costs	141,453	147,470
Research and development expenditure**	167,564	191,677
Lease payments not included in the measurement of lease liabilities	62	5,244
Auditor's remuneration	3,000	3,000
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	600,605	603,575
Pension scheme contributions***	43,915	46,215
Equity-settled share-based payments	19,298	173,562
Termination benefits	8,659	10,042
	<hr/>	<hr/>
Total	672,477	833,394
	<hr/> <hr/>	<hr/> <hr/>

	2025	2024
	RMB'000	RMB'000
Impairment of financial assets, net:		
Reversal of impairment of trade receivables, net	(379)	(3,650)
Reversal of impairment of financial assets included in prepayments, other receivables and other assets	(81)	(2,193)
	<u>(81)</u>	<u>(2,193)</u>
Total	<u>(460)</u>	<u>(5,843)</u>

* *The amortisation of intangible assets is included in “Amortisation of intangible assets” in the consolidated statement of profit or loss.*

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

*** *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	RMB'000	RMB'000
Interest on bank loans	–	5,666
Interest on other borrowings	13,380	10,185
Interest on lease liabilities	5,853	7,621
	<u>5,853</u>	<u>7,621</u>
Total	<u>19,233</u>	<u>23,472</u>

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or 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% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2025. No provision for Hong Kong profits tax was required since the Group had no assessable profit during the year ended 31 December 2025.

The provision for the Chinese mainland 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 the Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

Hangzhou Youzan Technology Co., Ltd. (“**Hangzhou Youzan**”) was qualified as a High and New Technology Enterprise on 30 November 2018 and the qualification was renewed on 6 December 2024. Hangzhou Youzan was entitled to a preferential income tax rate of 15% (2024: 15%) during the year.

Beijing Youzan Payment Co., Ltd. (“**Beijing Youzan Payment**”) was qualified as a High and New Technology Enterprise on 21 October 2020 and the qualification was renewed on 26 October 2023. Beijing Youzan Payment was entitled to a preferential income tax rate of 15% (2024: 15%) during the year.

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current – Chinese mainland		
Charge for the year	5,264	9,138
(Overprovision)/under-provision in prior years	(957)	13
Deferred	(413)	1,033
Total tax expense for the year	<u>3,894</u>	<u>10,184</u>

8. DIVIDENDS

No dividend was declared and paid by the Company during the year.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 30,998,081,000 (2024: 32,681,521,000) outstanding during the year.

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(loss) for the year 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 year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares arising from share options granted by the Company. The calculation of diluted earnings/(loss) per share for years ended 31 December 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 calculation of basic and diluted earnings/(loss) per share are based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<u>Earnings/(loss)</u>		
Earnings/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	<u>163,113</u>	<u>(176,621)</u>
<u>Number of shares</u>		
	2025	2024
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings/(loss) per share calculation	<u>30,998,081,000*</u>	<u>32,681,521,000*</u>

* *The weighted average number of ordinary shares was after taking into account the effect of treasury shares and shares held for Share Award Scheme.*

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity securities, at fair value	3,128	2,434
Listed preferred shares, at fair value	10,171	6,913
Unlisted preferred shares, at fair value	284,120	273,628
Total	297,419	282,975

The above preferred shares were mandatorily classified as financial assets at fair value through profit or loss as the preferred shares have redemption preference and liquidation preference over ordinary equity shares and their contractual cash flows are not solely payments of principal and interest.

11. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income		
Unlisted equity securities, at fair value		
Company A	102,698	72,960
Company B	107	265
Total	102,805	73,225

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

12. TRADE RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	32,350	36,617
Impairment	(3,920)	(4,661)
Net carrying amount	28,430	31,956

The Group usually does not grant any credit term to customers unless some special cases. For those special case, the Group will grant a credit period less than 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	22,366	22,276
3 to 6 months	2,858	7,693
6 to 9 months	3,206	1,987
	<hr/>	<hr/>
Total	28,430	31,956
	<hr/> <hr/>	<hr/> <hr/>

13. FACTORING LOAN RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Factoring loan receivables	4,998	110,562
	<hr/> <hr/>	<hr/> <hr/>

The Group held credit enhancements over its factoring loan receivable balances as independent third parties guaranteed these balances for the customers in case of default.

As at 31 December 2025 and 2024, the Group estimated the expected credit loss on contract assets to be minimal.

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	18,384	24,658
Deposits	6,712	6,307
Other receivables restricted for settling settlement obligations	157,881	163,566
Other receivables	<u>37,445</u>	<u>45,720</u>
	220,422	240,251
Impairment allowance	<u>(1,707)</u>	<u>(3,475)</u>
Total	<u><u>218,715</u></u>	<u><u>236,776</u></u>
Analysed into:		
Current portion	218,206	236,267
Non-current portion	<u>509</u>	<u>509</u>

15. CAPITALISED CONTRACT COSTS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Incremental costs capitalised of obtaining contracts of subscription solutions	143,808	133,200
Fulfilment costs of customisation services	14,265	5,625
Fulfilment costs of third-party payment services	<u>4,129</u>	<u>6,708</u>
Total	<u><u>162,202</u></u>	<u><u>145,533</u></u>
Analysed into:		
Current portion	114,607	97,623
Non-current portion	<u>47,595</u>	<u>47,910</u>

Capitalised contract costs are determined on the actual costs incurred to obtain a contract or fulfil the performance obligation of services with a customer. Capitalised contract costs are subsequently amortised on a systematic basis, that reflects the pattern in which their future economic benefits are expected to be consumed by the Group and are recognised to the statement of profit or loss.

16. CASH AND CASH EQUIVALENTS, BALANCES WITH CENTRAL BANK AND RESTRICTED BANK BALANCES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	3,167,290	3,477,373
Time deposits	<u>730,694</u>	<u>543,000</u>
Subtotal	3,897,984	4,020,373
Less:		
Balances with central bank (<i>note (a)</i>)	(2,815,150)	(3,127,657)
Frozen bank balances (<i>note (b)</i>)	(954)	(2,656)
Security deposits (<i>note (c)</i>)	(1,405)	(1,111)
Others	<u>–</u>	<u>(128)</u>
Cash and cash equivalents	<u><u>1,080,475</u></u>	<u><u>888,821</u></u>
Denominated in:		
RMB	1,043,412	818,600
USD	19,936	64,672
HKD	15,370	3,354
Japanese Yen (“JPY”)	703	1,331
Euro (“EUR”)	499	564
Canadian Dollar (“CAD”)	149	202
Australian Dollar (“AUD”)	405	96
Great Britain Pound (“GBP”)	<u>1</u>	<u>2</u>
Cash and cash equivalents	<u><u>1,080,475</u></u>	<u><u>888,821</u></u>

Notes:

- (a) At 31 December 2025, balances with central bank of RMB2,815,150,000 (2024: RMB3,127,657,000) were restricted for settling settlement obligations.
- (b) The Group’s bank balances of RMB954,000 (2024: RMB2,656,000) were frozen by a PRC District People’s Procuratorate to facilitate legal investigation not related to the Group.
- (c) At 31 December 2025, bank balances of RMB1,405,000 (2024: RMB1,111,000) were restricted as security deposits for the payment services.

The RMB is not freely convertible into other currencies, however, under the Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

17. 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, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	38,219	8,550
3 to 6 months	473	975
6 to 12 months	152	189
Over 12 months	192	105
Total	<u>39,036</u>	<u>9,819</u>

The trade payables are non-interest-bearing and are normally settled on terms of three months.

18. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Receipts in advance	<i>(a)</i>	12,437	8,284
Payroll payables		120,574	114,380
Amounts payable to employees		1,305	1,561
Accruals		24,474	51,946
Deposits received		100,718	104,169
Other payables	<i>(b)</i>	53,958	115,335
Total		<u>313,466</u>	<u>395,675</u>

Notes:

- (a) Receipts in advance represent transaction fees, top-up amounts for advertisements and promotion fees received in advance from merchants.
- (b) Other payables are non-interest-bearing, repayable on demand and non-trade in nature.

19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Advances received from customers</i>			
Subscription solutions	<u>673,985</u>	<u>644,520</u>	<u>645,066</u>
Analysed into:			
Current portion	485,708	437,385	585,578
Non-current portion	<u>188,277</u>	<u>207,135</u>	<u>59,488</u>

Contract liabilities mainly include advances received from subscription solutions. The decrease in contract liabilities from 1 January 2024 to 31 December 2024 was mainly due to the Group's fulfilment of subscription solutions services. The increase in contract liabilities from 31 December 2024 to 31 December 2025 was mainly due to the increase in advances received from customers in relation to subscription solutions services.

20. SETTLEMENT OBLIGATIONS

Details of settlement obligations are as follows:

	2025 RMB'000	2024 RMB'000
Third-party payment services	<u>2,919,021</u>	<u>3,276,258</u>

Settlement obligations represent payables to merchants for the third-party payment services that the Group collects from the payment service providers of consumers. The amounts are due for settlement on demand.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Non-current						
Other loans – unsecured (<i>note (a)</i>)	3.95	2029	<u>352,105</u>	3.95	2029	<u>338,725</u>
				2025		2024
				RMB'000		RMB'000

Analysed into:

Other borrowings repayable:

In the third to fifth years, inclusive

352,105 338,725

Note:

- (a) The Group's other loans from Hangzhou Qima Technology Co., Ltd. (“**Hangzhou Qima**”) (杭州起碼科技有限公司), a related company controlled by a shareholder and executive director, are unsecured, non-interest-bearing and repayable on 18 April 2029. The difference between the fair value of this long-term non-interest-bearing loans and the amount received was recognised as share premium.

CORPORATE GOVERNANCE PRACTICES

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 (the "Code") in Appendix C1 to the GEM Listing Rules. The Company has complied with the provisions of the Code during the year ended 31 December 2025, except for the deviation from code provision C.2.1 of the Code, details of which are set out below.

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.

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 year ended 31 December 2025, he/she had complied with the required standard of dealings and the code of conduct.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased a total of 276,248,000 Shares at an aggregate consideration of approximately HK\$26.41 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
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
August 2025	<u>18,380,000</u>	<u>18,380,000</u>	0.144	0.142	<u>2,623</u>
Total	<u>276,248,000</u>	<u>276,248,000</u>			<u>26,414</u>

During the year, 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. As at 31 December 2025, the Company held 448,644,377 treasury Shares. Save as disclosed above, no treasury Shares were sold or transferred. 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 year.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the GEM Listing Rules. The members of the Audit Committee comprise 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 consolidated financial statements for the year ended 31 December 2025 and has provided advice and comments thereon.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information set out in this announcement does not constitute the Group's audited accounts for the Reporting Period, but represents an extract from the consolidated financial statements for the year ended 31 December 2025 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been received by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the financial year 2025 containing all the information required by the GEM Listing Rules and other applicable laws and regulations will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Youzan Technology Limited
Zhu Ning
Chairman

Hong Kong, 12 March 2026

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Zhu Ning and Mr. Yu Tao; and four independent non-executive Directors, namely Dr. Fong Chi Wah, Mr. Deng Tao, Mr. Li Shaojie and Ms. Li Qingyang.

This announcement 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.