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Yinsheng Digifavor Company Limited

銀盛數惠數字有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3773)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Yinsheng Digifavor Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024. The unaudited consolidated interim results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
	<i>NOTES</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	4	69,917	61,312
Less: Tax surcharge		(303)	(1,309)
Cost of revenue		<u>(25,526)</u>	<u>(11,873)</u>
Gross profit		44,088	48,130
Other income, net		2,796	7,645
Distribution and selling expenses		(12,666)	(6,586)
Administrative expenses		(11,536)	(13,735)
Research and development expenses		(6,115)	(5,333)
Finance costs	5	<u>(2,443)</u>	<u>(1,224)</u>
Profit before income tax	6	14,124	28,897
Income tax expense	7	<u>(1,819)</u>	<u>(8,076)</u>
Profit and total comprehensive income for the period		<u>12,305</u>	<u>20,821</u>
Profit/(loss) and total comprehensive income/ (expense) for the period attributable to:			
Owners of the Company		12,463	21,315
Non-controlling interests		<u>(158)</u>	<u>(494)</u>
		<u>12,305</u>	<u>20,821</u>
Earnings per share	9		
– Basic and diluted (RMB cents)		<u>3.00</u>	<u>5.14</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

	<i>NOTES</i>	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	2,989	3,483
Right-of-use assets	10	1,174	1,012
Rental deposits		227	155
Deferred tax assets		410	410
		<u>4,800</u>	<u>5,060</u>
Current assets			
Inventories		7,537	15,731
Trade receivables	11	312,089	284,437
Prepayments, deposits and other receivables		156,417	195,360
Tax recoverable		1,327	2,764
Restricted bank deposits		3,605	6,631
Cash and cash equivalents		141,050	50,841
		<u>622,025</u>	<u>555,764</u>
Current liabilities			
Trade payables	12	50,662	42,407
Other payables and accruals		64,594	77,180
Tax liabilities		50	61
Lease liabilities		503	505
Borrowings	13	179,900	122,000
		<u>295,709</u>	<u>242,153</u>
Net current assets		<u>326,316</u>	<u>313,611</u>
Total assets less current liabilities		<u>331,116</u>	<u>318,671</u>

		As at 30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
	<i>NOTES</i>		
Non-current liabilities			
Lease liabilities		759	619
Deferred tax liabilities		9,409	9,409
		<u>10,168</u>	<u>10,028</u>
Net assets		<u>320,948</u>	<u>308,643</u>
Capital and reserves			
Share capital	14	27,221	27,221
Reserves		296,487	284,024
		<u>323,708</u>	<u>311,245</u>
Total equity attributable to owners of the Company		323,708	311,245
Non-controlling interests		(2,760)	(2,602)
Total equity		<u>320,948</u>	<u>308,643</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 13/F, Building C2, Nanshan iPark, No. 1001, Xueyuan Boulevard, Nanshan District, Shenzhen, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The principal activities of the Group include the provision of mobile charges/mobile data usage top-up services to mobile subscribers and the provision of digital marketing services business in the PRC.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The mobile top-up service provided by the Group is prohibited and restricted from foreign investment in the PRC pursuant to the applicable PRC laws and regulations. A series of contracts (the “**Structured Contracts**”) were arrived between Daily Charge Technology (Shenzhen) Limited (“**Daily Charge SZ**”), a wholly foreign-owned enterprise of the Company, and Shenzhen Niannianka Network Technology Co., Ltd. (“**Shenzhen NNK**”) and its registered shareholders to maintain and exercise the control over the operation of Shenzhen NNK, and to obtain all of its entire economic benefits (the “**VIE Arrangement**”). The Structured Contracts are irrevocable and enable the Group to:

- exercise effective financial and operational control over Shenzhen NNK;
- exercise equity holders’ voting rights of Shenzhen NNK;
- receive substantially all economic returns generated by Shenzhen NNK in consideration for the business support, technical and consulting services provided by the Group;
- obtain an irrevocable and exclusive right to purchase the entire equity interest in Shenzhen NNK from the registered shareholders; and
- obtain a pledge over the entire equity interest of Shenzhen NNK from the registered shareholders as collateral security for all of Shenzhen NNK due to the Group and to secure performance of the registered shareholders’ obligations under the Structured Contracts.

The Company does not have any equity interest in Shenzhen NNK. However, as a result of the Structured Contracts, the Company has power over Shenzhen NNK, has rights to variable returns from its involvement with Shenzhen NNK and has the ability to affect those returns through its power over Shenzhen NNK and therefore is considered to have control over Shenzhen NNK. Consequently, the Company regards Shenzhen NNK as an indirect wholly-owned subsidiary and consolidated the financial position and results of Shenzhen NNK in the condensed consolidated financial statements of the Group during both periods.

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 and requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing the condensed consolidated financial statements, the significant judgement made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2024. The condensed consolidated financial statements do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") Accounting Standards and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2025.

The condensed consolidated financial statements have been prepared on the historical cost basis.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries. All values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements are unaudited but has been reviewed by the Company's audit committee.

3. APPLICATION OF NEW OR AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024, other than changes in accounting policies resulting from application of the new or amendments to HKFRS Accounting Standards effective for the accounting periods beginning on or after 1 January 2025.

The HKICPA has issued a number of new or amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group. None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the condensed consolidated financial statements. The Group has not applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of service, at the point of time		
Mobile charges and mobile data usage top-up services	35,610	52,245
Telecommunication equipment business	–	169
Digital marketing services		
– Commission income for marketing campaign service	33,487	7,684
– Service income for marketing campaign service	–	475
Type of service, over time*		
Digital marketing service – Service income for live streaming	820	739
	69,917	61,312

* The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about the remaining performance obligations with original expected durations of one year or less.

Segment information

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors (being the chief operating decision makers (the “CODMs”)) in order to allocate resources to the segments and to assess their performance.

Following the Group’s diversified business, the Group reorganised its reporting structure in the current period and presented the following two operating and reportable segments under HKFRS 8:

Top-up services: – provision of mobile charges and mobile data usage top-up services to mobile subscribers

Digital marketing services: – provision of all-in-one live streaming services and sourcing and delivery of virtual products and related value-added services

Certain comparative figures of segment information were therefore restated to conform with current period’s presentation.

The Group's operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies. The Group's CODMs make decision according to operating results of each segment.

No information on segment assets and liabilities was prepared for review by the Group's CODMs for the period for the purpose of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODMs monitors the results attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to the sales generated and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit.

	Top-up services		Digital marketing services		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	35,610	52,414	34,307	8,898	69,917	61,312
Less: Tax surcharge	(154)	(1,119)	(149)	(190)	(303)	(1,309)
Cost of revenue	(6,388)	(10,016)	(19,138)	(1,857)	(25,526)	(11,873)
Reportable segment profit (gross profit)	<u>29,068</u>	<u>41,279</u>	<u>15,020</u>	<u>6,851</u>	<u>44,088</u>	<u>48,130</u>

(b) Reconciliations of reportable segment revenue and profit before income tax

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	<u>69,917</u>	<u>61,312</u>
Reportable segment profit derived from the Group's external customers	44,088	48,130
Other income, net	2,796	7,645
Distribution and selling expenses	(12,666)	(6,586)
Administrative expenses	(11,536)	(13,735)
Research and development expenses	(6,115)	(5,333)
Finance costs	(2,443)	(1,224)
Profit before income tax	<u>14,124</u>	<u>28,897</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in annual report for the year ended 31 December 2024. Segment profit represented the profit earned by each segment without allocation of other income (net), distribution and selling expenses, administrative expenses, research and development expenses and finance costs.

Geographical information

All of the Group's revenue is derived from customers in the PRC and assets are principally located in the PRC. Therefore, no geographical segment information is presented.

Information about major customers

There was no revenue from individual customers of the Group contributing over 10% of the total revenue of the Group during both periods.

5. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank overdrafts	702	395
Interest on bank borrowings	1,471	784
Interest on other borrowing	238	–
Interest on lease liabilities	32	45
	2,443	1,224

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before income tax has been arrived at after charging/(crediting):		
Directors' emoluments	3,925	2,689
Salaries and other benefits, excluding those of directors	17,066	14,233
Retirement benefits schemes contributions, excluding those of directors	3,003	2,390
Total staff costs	23,994	19,312
Depreciation of property, plant and equipment	759	747
Depreciation of right-of-use assets	369	342
Recognition of impairment loss in respect of trade receivables	–	815
Interest income	(44)	(181)
Auditor's remuneration		
– Non-audit services	180	180

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
Current period		
– PRC Enterprise Income Tax (“EIT”)	1,589	6,996
– PRC Withholding Tax	110	1,000
	<u>1,699</u>	<u>7,996</u>
Under-provision in prior periods		
– PRC EIT	120	284
	<u>1,819</u>	<u>8,280</u>
Deferred tax, net		
– PRC EIT	–	(204)
	<u>1,819</u>	<u>8,076</u>

No provision for Hong Kong Profits Tax was made in the condensed consolidated financial statements, as no assessable profit was generated in Hong Kong (six months ended 30 June 2024 (unaudited): Nil).

Under the Law of the PRC on Enterprise Income Tax (the “**PRC EIT Law**”) and Implementation Regulations of the PRC EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Certain PRC subsidiaries of the Group, which are small-size and low-profit enterprise under the PRC EIT Law, are entitled to effective PRC EIT rate of 5% for first RMB3 million of their annual taxable income with effective period from 1 January 2023 to 31 December 2027. The PRC EIT is calculated at 25% (six months ended 30 June 2024 (unaudited): 25%) of the estimated assessable profits of the remaining subsidiaries operating in the PRC.

8. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company for the six months ended 30 June 2025, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2024 (unaudited): Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit attributable to the owners of the Company of approximately RMB12,463,000 (six months ended 30 June 2024 (unaudited): RMB21,315,000) and the weighted average of 415,000,000 (six months ended 30 June 2024 (unaudited): 415,000,000) ordinary shares in issue during the six months ended 30 June 2025.

No diluted earnings per share for the six months ended 30 June 2025 was presented as there were no potential ordinary shares in issue (six months ended 30 June 2024 (unaudited): Nil).

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

During the six months ended 30 June 2025, the Group paid approximately RMB265,000 (six months ended 30 June 2024 (unaudited): RMB926,000) for the acquisition of leasehold improvement and computer and office equipment.

Right-of-use assets

The Group leases land and buildings in the PRC for its operations. Lease contracts are entered into for fixed lease terms of 2 years to 5 years (six months ended 30 June 2024 (unaudited): 1 year to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

During the six months ended 30 June 2025, the Group entered into the office premise lease agreement with lease term of 2 years (six months ended 30 June 2024 (unaudited): did not enter into any additional office premise lease agreement). The Group is required to make fixed lease payments. On lease commencement, the Group recognised right-of-use assets and lease liabilities of both approximately RMB531,000.

11. TRADE RECEIVABLES

	As at 30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables		
– Mobile charges and mobile data usage top-up services	103,714	113,760
– Telecommunication equipment business	8,386	9,895
– Digital marketing services	201,629	162,422
Less: allowance of credit losses	<u>(1,640)</u>	<u>(1,640)</u>
	<u>312,089</u>	<u>284,437</u>

Trade receivables from mobile charges and mobile data usage top-up services mainly represents receivables from financial institutions, which the settlement period is normally within 1 day from transaction date. Due to deepening cooperation with major PRC banks for their promotion activities, the Group has granted credit period of 30 to 45 days for those trade receivables based on the invoice date. For certain channels of customers, the credit period was about 30 to 60 days granted by the Group based on the invoice date. Overdue balances are reviewed regularly by 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 risk. The Group does not hold any collateral over these balances (31 December 2024: Same).

Trade receivables from the telecommunication equipment business mainly represent receivables from telecommunication operators, which are repayable by instalments ranged from 6 months to 36 months (31 December 2024: Same).

Trade receivables from digital marketing services mainly represent receivables from digital marketing events, which the Group usually grants credit period for those trade receivable for no more than 60 days (31 December 2024: Same).

The following is an aged analysis of trade receivables net of allowance for credit loss presented based on the date of service provided and revenue recognised, at the end of each reporting period:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
0 to 30 days	110,353	184,007
31 to 90 days	131,452	78,943
91 to 180 days	58,937	15,698
181 to 365 days	9,098	5,060
Over 365 days	2,249	729
	312,089	284,437

As at 30 June 2025, included in the Group's trade receivables gross balance were debtors in mobile charges and mobile data usage top-up service with aggregate carrying amount of approximately RMB44,000 (31 December 2024: RMB1,842,000), in digital marketing services with aggregate carrying amount of approximately RMB6,729,000 (31 December 2024: RMB356,000) and in telecommunication equipment business with aggregate carrying amount of approximately RMB8,386,000 (31 December 2024: RMB8,884,000) which are past due as at the reporting date.

Based on the Group's assessment of historical credit loss experience of these debtors, including all available forward-looking information and expected settlements, the Group does not consider default has occurred despite the contractual payments are overdue more than 90 days due to the long term/on-going business relationship, past good repayment records and continuous repayments from these customers. However, the Group would have provided in full for trade receivables overdue more than 180 days because based on historical experience, such receivables are generally not recoverable, unless the Group has reasonable and supportable information that demonstrates otherwise.

During the six months ended 30 June 2025, the Group has not made any impairment provision (six months ended 30 June 2024 (unaudited): made an impairment provision of approximately RMB815,000).

As at 30 June 2025, certain trade receivables of the Group of approximately RMB182,516,000 (31 December 2024: RMB107,405,000) were pledged to the bank and other borrowings and bank overdrafts with amounts of approximately RMB133,500,000 (31 December 2024: RMB110,000,000) (Note 13).

12. TRADE PAYABLES

The Group normally granted credit terms of about 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aged analysis of trade payables presented based on the transaction date, at the end of respective reporting periods:

	As at 30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
0 to 90 days	45,185	34,016
91 to 180 days	4	3,003
181 to 365 days	522	745
Over 365 days	4,951	4,643
	<u>50,662</u>	<u>42,407</u>

Included in the balance as at 30 June 2025, trade payables due to a related party amounting to approximately RMB167,000 (31 December 2024: RMB1,100,000) in relation to purchase of top-up credits.

13. BORROWINGS

	As at 30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
Short-term bank borrowings	86,400	72,000
Other borrowing	10,000	10,000
Bank overdrafts	83,500	40,000
	<u>179,900</u>	<u>122,000</u>
Representing:		
Unsecured, fixed interest rates ranging from 3.28% to 3.70% (31 December 2024: fixed interest rates of 3.5%) per annum and repayable within one year	44,400	10,000
Secured, fixed interest rates ranging from 3.2% to 4.9% (31 December 2024: 3.1% to 4.9%) per annum and repayable within one year	135,500	112,000
	<u>179,900</u>	<u>122,000</u>

As at 30 June 2025, bank borrowings with amounts of approximately RMB135,500,000 (31 December 2024: RMB112,000,000) were secured by certain of the Group's trade receivables (Note 11) and bank deposits and guarantees from related parties.

As at 30 June 2025, the bank overdrafts facilities in aggregate of approximately RMB110,000,000 (31 December 2024: RMB110,000,000) were granted to the Group. As at 30 June 2025, the Group had undrawn bank overdrafts of approximately RMB26,500,000 (31 December 2024: RMB70,000,000).

The Group is required to comply with certain restrictive covenants. The Group has complied with these covenants throughout the reporting period (31 December 2024: Same).

14. SHARE CAPITAL

Details of authorised and issued capital of the Company are as follow:

	Number of authorised shares	Number of issued shares	Issued and fully paid share capital	
			<i>US\$</i>	<i>RMB</i>
As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025				
– Ordinary shares of US\$0.01 each	<u>2,000,000,000</u>	<u>415,000,000</u>	<u>4,150,000</u>	<u>27,221,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the consumer industry in China, driven by both the support of the policies and the gradual recovery of residents' willingness to consume, demonstrated a modest recovery as a whole with the increase of online sales in lead, hence the penetration rate of digital equity products such as coupons and membership benefits has increased in consumption scenarios. In the meantime, artificial intelligence (AI) in the vertical application field experienced an explosive growth has made technological convergence and scenario innovation the mainstream trend, during which it has profoundly reshaped the ecology of the digital marketing industry chain. With the feature of "accessible and beneficial to the public", digital equity products are catalysed by the overlaid digitalisation upgrade and AI technology, which is expected to achieve a wider coverage and a more efficient circulation in the future, becoming an important support for the growth of consumption power. This industry reformation is both a challenge and an opportunity for enterprises, and enterprises are expected to achieve leapfrog development by seizing the dividend period of technological upgrade and industrial reformation. During the Reporting Period, the Group continued to solidify the core advantages of its main business and strengthened the diversified development strategy, while closely grasped the market trend and dynamically optimised the direction of strategic decision to actively deploy the advanced productivity track by increasing the investment in the research and development and application of artificial intelligence, and strived to achieve high-quality development in the period of strategic opportunities arising from the booming digital economy and consumer industry.

The Group continued to promote the business structure optimisation strategy which focused on the dual improvements of the scale and quality of the high-margin segment in the first half of 2025. The Group proactively leveraged its professional capabilities and practical experience in the field of digital marketing to explore extensively the incremental value of existing customers through innovative customer service strategies and upgraded service system, which significantly improved customer stickiness and market reputation. At the same time, the capability of expansion continued to strengthen as the Group has established stable cooperative relationships with many leading brand customers, and the digital marketing business segment made positive progress.

In the first half of 2025, with the concerted efforts of the Board and the management of the Company, as well as the significant efforts and contributions of all staff, and benefiting from the strong growth of our digital marketing business income, the revenue for the six months ended 30 June 2025 was approximately RMB69.9 million, which increased by approximately 14.0% as compared to the revenue of approximately RMB61.3 million for the six months ended 30 June 2024. Gross profit decreased by approximately 8.3% from approximately RMB48.1 million for the six months ended 30 June 2024 to approximately RMB44.1 million for the six months ended 30 June 2025.

The digital marketing business of the Group achieved revenue of approximately RMB34.3 million in the first half of 2025, representing a significant increase as compared to the revenue of approximately RMB8.9 million in the corresponding period last year. For the six months ended 30 June 2025, the Group's income from digital marketing business accounted for approximately 49.1% of the Group's total income, and the proportion of revenue has tended to be balanced, indicating that the strategic optimization of the revenue structure of the Group had achieved tangible results and a more reasonable growth model had been established. The formation of a diversified business structure has effectively dispersed the risk brought by fluctuations of a single business segment, which further enhanced the resilience against risks and the ability to develop sustainably of the Group, and laid a solid foundation for long-term stable operation. As there are more new customers and new businesses launched successively in the second half of 2025, the Board expects that the proportion of new business will increase steadily in the years to come.

Shenzhen Niannianka Network Technology Co., Ltd. (“**Shenzhen NNK**”), an operating entity of the Group, has successively won bids in the first half of 2025 for a number of digital marketing and equity-related product projects for large state-owned banks and joint-stock commercial banks (such as Industrial and Commercial Bank of China Limited, China Construction Bank Corporation and China Minsheng Bank Corp., Ltd.), and has established cooperative relationships with renowned consumer brands such as MIXUE Ice Cream & Tea, ChaPanda, CHAGEE and KFC. The implementation of these new cooperation projects will help consolidate the Group's competitive position in the industry, enhance market influence and business expansion potential, which provide a long-term impetus for sustainable business growth in the future.

The profit attributable to owners to the Company for the six months ended 30 June 2025 was approximately RMB12.5 million, which significantly decreased by approximately 41.3% as compared to the profit attributable to owners to the Company of approximately RMB21.3 million for the six months ended 30 June 2024, mainly due to the increase in research and development investment cost, staff cost and business sales fee as compared to the corresponding period of the previous year in response of the Group to the needs of business expansion during the Reporting Period.

Short-term profit fluctuation is an inevitable stage of strategic transformation. The management always adheres to a forward-looking perspective while confronting the wave of industrial upgrade, which accurately analyses the trends in the complex market environment and ensures operational resilience by dynamically adjusting strategic deployment, and actively strengthens the investment in the fields of technology research and development, marketing and operation to exchange current investment for long-term growth momentum while maintaining steady progress in core business. The Group has digital intelligence technology as its core during the Reporting Period and focuses on deploying AI agents, intelligent user operation and construction of omnichannel data middle office, the research and development expenses increased by approximately 15.1% to approximately RMB6.1 million for the six months ended 30 June 2025 from approximately RMB5.3 million for the six months ended 30 June 2024.

In the enterprise end (To B) field, the Group relied on high-quality supply chain sources, transaction and payment capabilities, data processing capabilities and advanced AI technology to vigorously expand the ecological construction of enterprise-end platform, and built a platform system combining intelligent marketing system and data management middle office, which focused on all aspects of the whole life cycle management of the digital equity products industry chain. During the Reporting Period, “Digifavor Jucai Mall (數惠聚採商城)”, the self-developed digital equity trading platform, was officially launched to realise the automation of the whole process of trading of digital equity products; while upgraded the “Digifavor Master (數惠 Master)” intelligent middle system to improve the closed-loop business of the intelligent management system. In the consumer end (To C) field, the Group continued deepening user operations to provide diversified products and customised marketing solutions for financial and internet e-commerce customers, which further extended the service chain and enhanced the customer lifetime value.

OUTLOOK

The general-purpose large AI model represented by GROK-4 has made substantial breakthroughs in multi-step reasoning, tool invocation and task closure capabilities, which significantly improves the autonomy and problem-solving ability of AI agents to handle complex tasks and upgrades AI agents from “conversational question-and-answer” to “executable problem-solving”. Based on the evolution of this technology, the management prudently judged that the implementation of AI agents in vertical application scenarios in the field of digital equity product trading is ready to be implemented and a significant growth of demand will come ushering in, which injects new impetus for the ecological restructuring and value release of the industry. The Group has always possessed the “reformation” gene, maintaining strategic initiative in the process of technological iteration and industrial upgrading by leveraging on the rapid application and transformation capabilities of new technologies. In the second half of 2025, the Group will build differentiated competition barriers by continue to promote the in-depth integration of technological innovation and core business processes, and develop AI agent tools on the consumer side of digital equity products through increasing investment in research and development of the AI field to create a more diversified value experience for consumers; the Group will accelerate the process of overseas business and expand its reach in more diversified markets. Meanwhile, efforts will be put in to promote the aggregation and synergy of internal resources, focus will be on introduction and cultivation of outstanding talents and constant optimisation will be made to organizational structure and innovation efficiency, which achieve sustainable development of the Company to create long-term value for customers and shareholders.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group recorded a revenue of approximately RMB69.9 million, representing an increase of approximately 14.0% as compared with approximately RMB61.3 million for the corresponding period in 2024. The increase in revenue was mainly due to the increase in income of digital marketing services and transaction volume of digital marketing business during the Reporting Period, which offsets the decline in income from mobile charges and mobile data usage top-up services.

For the six months ended 30 June 2025, the Group achieved an income of approximately RMB34.3 million in the digital marketing business, as compared to the income of approximately RMB8.9 million for the corresponding period in 2024, which was mainly due to the expansion of cooperation between operating subsidiaries of the Group and China's renowned lifestyle service brands such as WeChat Pay, Alipay instant cash reduction, card coupons and credit marketing in 2024 of which all continued to yield remarkable results in the first half of 2025 and the Group has also continued to strengthen the cooperation with customers in financial channels and large state-owned banks in the first half of 2025. The above efforts contributed to a significant increase in the transaction volume of digital commodity in the first half of 2025.

Cost of Revenue

Cost of revenue increased by approximately 114.3% to approximately RMB25.5 million for the six months ended 30 June 2025 from approximately RMB11.9 million for the six months ended 30 June 2024, mainly due to the increase in the cost of digital marketing related services during the Reporting Period.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately 8.3% to approximately RMB44.1 million for the six months ended 30 June 2025 from approximately RMB48.1 million for the six months ended 30 June 2024.

The Group's overall gross profit margin decreased to approximately 63.1% for the six months ended 30 June 2025 from approximately 78.5% for the six months ended 30 June 2024, primarily attributable to the transaction volume of the digital marketing business in the first half of 2025 has increased compared to the same period last year, resulting in an increase in the corresponding platform handling fee and promotion cost as compared with the same period last year.

Other Income, net

Other income (net) decreased by approximately 63.2% to approximately RMB2.8 million for the six months ended 30 June 2025 from approximately RMB7.6 million for the six months ended 30 June 2024. The decrease in other income (net) was primarily due to the decrease in government subsidy.

Distribution and Selling Expenses

Distribution and selling expenses increased by approximately 92.4% to approximately RMB12.7 million for the six months ended 30 June 2025 from approximately RMB6.6 million for the six months ended 30 June 2024, primarily attributable to the increase in staff cost and business sales expenses as compared to the corresponding period of the previous year in response of the Group to the needs of business expansion during the Reporting Period.

Administration Expenses

Administration expenses decreased by approximately 16.1% to approximately RMB11.5 million for the six months ended 30 June 2025 from approximately RMB13.7 million for the six months ended 30 June 2024, primarily attributable to the streamlining of manpower in the middle and back office departments of the Group during the Reporting Period.

Research and Development Expenses

Research and development expenses increased by approximately 15.1% to approximately RMB6.1 million for the six months ended 30 June 2025 from approximately RMB5.3 million for the six months ended 30 June 2024, primarily due to the increase in staff cost.

Finance Costs

Finance costs increased by approximately 100% to approximately RMB2.4 million for the six months ended 30 June 2025 from approximately RMB1.2 million for the six months ended 30 June 2024, primarily due to the increase in average bank borrowings due to capital needs for new projects as compared with the corresponding period in 2024.

Income Tax Expense

Under the Law of the PRC EIT Law and Implementation Regulations of the PRC EIT Law, the tax rates of the PRC subsidiaries were 25% for the six months ended 30 June 2025 and 2024.

The income tax expense for the six months ended 30 June 2025 represented the provision of the EIT of approximately RMB1.8 million for the PRC subsidiaries (six months ended 30 June 2024: approximately RMB8.1 million). The decrease in income tax expense was mainly attributable to the significant decrease in assessable profit for the Reporting Period as compared with that of the corresponding period of last year.

Profit for the Period Attributable to Owners of the Company

As a result of the cumulative effects of the foregoing, profit for the six months ended 30 June 2025 was approximately RMB12.5 million, as compared with the profit for the six months ended 30 June 2024 of approximately RMB21.3 million.

Liquidity, Financial Resources and Capital Structure

There has been no change in the capital structure of the Company during the Reporting Period. The Group's working capital was funded by cash from operating activities, borrowings and proceeds from the global offering.

As at 30 June 2025, cash and cash equivalents of the Group was approximately RMB141.1 million, as compared with approximately RMB50.8 million as at 31 December 2024. The Group reported net current assets of approximately RMB326.3 million as at 30 June 2025, as compared with approximately RMB313.6 million as at 31 December 2024. The Group's current ratio was approximately 2.1 as at 30 June 2025, as compared with approximately 2.3 as at 31 December 2024.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers. The management reviews the Group's capital needs on a monthly basis to meet the capital requirement for mobile top-up services and new business operations. The bank borrowings of the Group were RMB122.0 million and RMB179.9 million as at 31 December 2024 and 30 June 2025, respectively. As at 31 December 2024 and 30 June 2025, the bank borrowings, being interest-bearing bank borrowings which were denominated in Renminbi, carried fixed interest rates ranged from 3.1% to 4.9% per annum and were repayable in one year.

The Group currently does not adopt any financial instruments for hedging purposes. However, the Group continues to adopt a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Board closely monitors the liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Trade Receivables

Trade receivables mainly represent receivables from the Group's customers in relation to its mobile top-up service, digital marketing services and telecommunication equipment business with amounts of approximately RMB103.7 million, RMB201.6 million and RMB8.4 million, respectively. Trade receivables from mobile top-up service decreased from approximately RMB113.8 million for the year ended 31 December 2024 to approximately RMB103.7 million as of 30 June 2025, primarily due to the decrease in transactions with longer credit period (about 30 to 45 days from invoice date) with the banks.

Trade receivables turnover days (calculated by the average of the beginning and ending balances of trade receivables of the year/period, divided by the gross transactions value with mobile users for the year/period and multiplied by 366 days for the year ended 31 December 2024 or 180 days for the six months ended 30 June 2025) for the six months ended 30 June 2025 was 7.84 days (for the year ended 31 December 2024: 5.96 days). The Company realised that the increase in transactions with longer credit period would require a much closer monitoring of the settlement in order to ensure business turnover. The Company will continue to monitor the credit risk by ongoing review the settlement of customers, and evaluate the credit limits annually accordingly to the track record and financial position of the counterparties. The Group's trading terms with the customers of the two businesses, namely Dealership Business and Telecommunication Equipment Business, are mainly on credit with credit periods ranging from three months to three years depending on several factors including trade practice, the size of the contracts, credibility and reputation of the customers. In order to manage the credit risks associated with trade receivables with these customers effectively, credit limits of these customers are evaluated periodically. Overdue balances are reviewed regularly by the senior management. An impairment analysis is performed at each reporting date to measure expected credit losses.

Gearing Ratio

As at 30 June 2025, the gearing ratio (calculated by dividing bank borrowings by total equity as at the end of the period) of the Group was 56.1% (as at 31 December 2024: 39.5%).

Capital Expenditures

For the six months ended 30 June 2025, the Group had capital expenditure of approximately RMB0.1 million, as compared with approximately RMB0.9 million for the six months ended 30 June 2024. The expenditure was mainly related to the acquisition of computer and office equipment for replacement in the course of daily operations.

Significant Investments

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

Capital Commitments

As at 30 June 2025, the Group had no capital commitment contracted but not provided for.

Foreign Exchange Risk

The Group's reporting currency is in Renminbi to which the Group's material transactions are denominated. The net proceed from global offering are denominated in Hong Kong Dollars, which exposed the Group to market risk arising from changes in foreign exchange rate. The Group currently does not have a foreign currency hedging policy, however, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

Charges on Assets

As at 30 June 2025, the bank borrowings of RMB135.5 million were secured by certain of the Group's trade receivables and bank deposits (as at 31 December 2024: RMB112.0 million).

Contingent Liabilities and Guarantees

As at 30 June 2025, the Group did not have any significant contingent liabilities, guarantees or any litigation.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have specific plan for material investments or capital assets as at 30 June 2025.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2025, the Group did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures.

INTERIM DIVIDEND

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

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2025, the Group had 170 full-time employees (as at 31 December 2024: 156). Total staff cost (including Director's emoluments) was approximately RMB24.0 million for the six months ended 30 June 2025, as compared with approximately RMB19.3 million for the six months ended 30 June 2024. The Group believes that employees are one of its most important assets and the Group strives to offer a competitive remuneration to its employees. The Group has been recruiting and promoting individuals based on merit and their development potentials. Remuneration package offered to all employees including Directors is determined with reference to their performance, qualifications, experience and the prevailing salary levels in the market. Apart from basic remuneration, share options or award may be granted under the share schemes of the Company to eligible participants (including employees or Directors) by reference to the Group's performance as well as the individual's contribution. Besides, the Group has been providing training opportunities for its employees in order to enhance their qualifications and equip them with necessary skills.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that might affect the Group since the end of the six months ended 30 June 2025 and up to the date of this announcement.

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 30 June 2025, the Company did not hold any treasury shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its code of conduct regarding Director's securities transactions. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2025.

CORPORATE GOVERNANCE CODE

The Board believes that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value accountability.

For the six months ended 30 June 2025, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Company will continue to review the current corporate governance structure from time to time and shall make necessary changes when appropriate and report to Shareholders accordingly.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control systems of the Group, oversee the audit process and select external auditors and assess their independence and qualifications. The Audit Committee comprises three independent non-executive Directors, namely Ms. Hong Ting, Dr. Li Yao and Mr. Zhang Mingqun. Ms. Hong Ting is the chairlady of the Audit Committee and she is the independent non-executive Director with the appropriate professional qualifications.

The Audit Committee have reviewed the unaudited consolidated interim results of the Company for the six months ended 30 June 2025 and agreed to the accounting principles and practices adopted by the Company.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company’s shares were listed on the Main Board of the Stock Exchange on 7 January 2016 and the Company raised net proceeds (after the exercise of the over-allotment option and after deducting the underwriting fees, commissions and other expenses payable by the Company in connection with the global offering of the Company) of approximately HK\$52.0 million. The utilisation of the net proceeds was in accordance with the proposed allocation as set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 24 December 2015 (the “**Prospectus**”).

The table below sets out the detailed items of the use of proceeds from the initial public offering as at 30 June 2025:

	Net proceeds from the initial public offering as stated in the Prospectus <i>Approximately in HK\$ million</i>	Net proceeds after the exercise of the over-allotment option <i>Approximately in HK\$ million</i>	Balance unutilised as at 1 January 2025 <i>Approximately in HK\$ million</i>	Amount utilised during the six months ended 30 June 2025 <i>Approximately in HK\$ million</i>	Balance unutilised as at 30 June 2025 <i>Approximately in HK\$ million</i>
Intensify the internet marketing campaigns and online advertisements	15.7	10.4	—	—	—
Upgrade the hardware and network infrastructure	15.7	10.4	—	—	—
Software and research and development activities	11.8	7.8	—	—	—
Source mobile top-up credits	15.7	10.4	—	—	—
Potential acquisitions of businesses and assets that are complementary to our business and operations, such as online services and other internet related businesses, or forming strategic alliance with value chain partners	11.8	7.8	2.4	—	2.4
General working capital and other general corporate purposes	8.0	5.2	—	—	—
Total	78.7	52.0	2.4	—	2.4

As at 30 June 2025, the unutilised amount of the net proceeds was approximately HK\$2.4 million in which the intended use was related to the potential acquisitions of businesses and assets that are complementary to the Group's business and operations, or forming strategic alliance with value chain partners. The Group expected to fully utilize such proceeds in 2025.

2024 SHARE OPTION SCHEME AND 2024 SHARE AWARD SCHEME

On 30 October 2024, the Company adopted a new share option scheme (the “**2024 Share Option Scheme**”) in order to conform with the new requirements of Chapter 17 of the Listing Rules, whereas the share option scheme adopted by the Company on 14 December 2015 and amended on 4 November 2016 (the “**2015 Share Option Scheme**”) was terminated on the same date. Since the adoption of the 2015 Share Option Scheme and up to its termination date, no option had been granted, exercised, lapsed nor cancelled under the 2015 Share Option Scheme. In addition, no share option has been granted, exercised, lapsed nor cancelled by the Company under the 2024 Share Option Scheme since its adoption up to 30 June 2025.

On 30 October 2024, the Company adopted a new share award scheme (the “**2024 Share Award Scheme**”). No share award has been granted by the Company under the 2024 Share Award Scheme since its adoption up to 30 June 2025.

The terms and details of the 2024 Share Option Scheme and the 2024 Share Award Scheme are set out in the circular of the Company dated 14 October 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ysdf.com.cn). The 2025 interim report of the Company will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Yinsheng Digifavor Company Limited
Dr. Zhou Jinhuang
Chairman and executive Director

Hong Kong, 27 August 2025

As at the date of this announcement, Dr. Zhou Jinhuang, Mr. Guan Heng and Mr. Huang Junmou are the executive Directors; Mr. Fan Weiguo and Mr. Yu Zida are the non-executive Directors; and Mr. Zhang Mingqun, Dr. Li Yao and Ms. Hong Ting are the independent non-executive Directors.

The English text of this announcement shall prevail over its Chinese text in case of inconsistency.