You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included in the Accountant's Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a leading intelligent digital platform empowering businesses in the automotive aftermarket in China. Our platform provides an AI-enabled digital infrastructure for participants across the automotive aftermarket value chain to offer products, provide services and complete transactions intelligently and efficiently. Our platform has traditionally focused on serving businesses and ranked first in annual GMV, cumulative SKU quantities, and number of registered auto service workshops in 2025 among China's automotive aftermarket platforms for businesses, according to Frost & Sullivan. As of December 31, 2025, our platform had more than 375,000 registered auto service workshops located in 329 cities in China and covered more than 48 million auto parts SKUs. Our registered auto service workshops served approximately 3.6 million vehicles on monthly average basis through our platform in 2025. The number of indicative orders and completed orders on our platform reached 22.5 million and 11.3 million in 2025, respectively.

Leveraging our scalable platform architecture and continuously expanding business footprint, we achieved strong operating results and solid financial performance during the Track Record Period. Our revenue increased by 8.3% from RMB685.2 million in 2023 to RMB742.1 million in 2024 and further increased by 25.3% to RMB929.5 million in 2025. Our loss for the year decreased by 22.2% from RMB575.7 million in 2023 to RMB447.8 million in 2024 and further decreased by 10.9% to RMB399.1 million in 2025. Our adjusted loss (non-IFRS measure) remained relatively stable at RMB124.6 million and RMB124.2 million in 2023 and 2024, respectively, and decreased significantly by 64.0% to RMB44.7 million in 2025.

BASIS OF PREPARATION

Our historical financial statements have been prepared in accordance with IFRS issued by International Accounting Standards Board and is presented in RMB unless otherwise stated. We have applied IFRS, amendments to IFRS and the related interpretations that are effective for the accounting periods beginning on or before January 1, 2025 consistently throughout the Track Record Period. Our consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of historical financial information in conformity with IFRSs requires the use of certain accounting estimates, as well as our management's judgment in applying our accounting policies. See Note 4 to the Accountant's Report in Appendix I to this document for the areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Factors

Our business and results of operations are affected by the general factors that impact the macro-environment and our total addressable market. For instance, our results of operations are affected by the overall growth and prosperity of the automotive aftermarket industry in China, which in turn is affected by several factors, such as China's overall economic growth, consumer spending patterns, the standardization and digitalization of China's automotive aftermarket industry, changes in supply and demand dynamics and the regulatory environment. Changes in any of these general conditions and our ability to adapt to such changes could affect our business and results of operation.

In particular, recent macroeconomic pressure in China has affected consumer behavior in the automotive aftermarket industry. During periods of economic downturn, car owners tend to reduce spending on repair and maintenance services. For instance, they may delay or choose not to repair minor vehicle issues or may elect to use cheaper auto parts replacements, which will in turn affect the transaction volume and average order value on our CassMall platform. On the other hand, this shift in consumer behavior may have a positive effect on our CassChoice business. As we offer cost-effective domestic branded parts under CassChoice, which align with the growing demand for more economical repair and maintenance options, macroeconomic softness could actually drive increased demand for our CassChoice business. As a result, while macroeconomic headwinds may place some pressure on our CassMall platform, they may simultaneously create opportunities for growth in our CassChoice business.

Company Specific Factors

In addition to the general factors mentioned above, our results of operations are more directly affected by the following specific factors:

Our ability to attract and retain our platform participants

Our business and results of operations rely to a large extent on our ability to attract, retain and deepen engagement among the various platform participants, such as auto service workshops, auto parts distributors and auto parts manufacturers. These participants are critical to the overall vitality of our platform and directly affect our transaction volume and revenue scale. For example, through CassMall we enable auto service workshops to source and purchase the auto parts they need from qualified auto parts distributors and earn commissions on these transactions. Through CassChoice, we guide auto parts manufacturers on "flexible production" informed by downstream demand aggregated on our platform, make bulk procurement from these manufacturers, and resell such products to auto parts distributors, from which we recognize the full sale price as revenue. Our ability to continue to attract high-quality platform participants, retain their loyalty and increase their activity levels on our platform has a direct and significant impact on our results of operations.

Moreover, the growth of high-quality platform participants generates meaningful synergies across our ecosystem. For instance, as we attract more high-quality auto parts distributors to our platform, the breadth and depth of available SKUs increase, which enhances the likelihood that auto service workshops will find the auto parts that could satisfy their demand on CassMall. This in turn makes CassMall more valuable to auto service workshops and drives their continued use of our platform. Conversely, as more auto service workshops and auto parts distributors transact on our platform, the aggregated downstream demand provides better insights to auto parts manufacturers, which strengthens the value proposition of our CassChoice business and creates additional procurement opportunities. These network effects reinforce the scalability of our business and materially influence our operating performance.

Our ability to enrich our offerings

We provide a broad suite of automotive aftermarket services, including our one-stop B2b auto parts trading platform CassMall for auto service workshops, our F2B auto parts procurement platform CassChoice for auto parts distributors, and our b2C digital certification system CassCertified for professional workshops. This comprehensive suite of offerings enable us to meet the diverse and evolving needs of various industry participants across the automotive aftermarket value chain. Our ability to continuously expand and enhance these offerings is critical to maintaining user engagement, broadening our revenue sources, and sustaining the long-term growth of our platform.

We have a demonstrated track record of exploring and developing new business opportunities. For example, we launched CassCertified in March 2025 to extend our reach further downstream to car owners and help auto service workshops acquire new customers through digital marketing. We also subsequently introduced our Auto Parts Stores to strengthen localized fulfillment capabilities and better address the time-sensitive demand for auto parts in lower-tier markets. Looking ahead, we may explore additional offerings that target end consumers-car owners-or introduce new value-added services tailored to the needs of different platform participants. Such enhancements would deepen our ecosystem penetration, create incremental monetization opportunities and diversify our revenue streams.

Our continued ability to enrich our offerings is therefore an important driver of our operational and financial performance. Expanding the breadth of our services allows us to capture more value from each component of the automotive aftermarket value chain, increases cross-selling opportunities and supports the overall scaling of our business. As our ecosystem grows, the integration of new and existing services reinforces user stickiness and strengthens the long-term sustainability of our platform.

Our ability to optimize business mix

Our results of operations and our profitability are also affected by the composition of our business mix. We offer a diversified and expanding portfolio of products and services, including CassMall, CassChoice and various value-added services, such as our intelligent auto service workshop management system, Workshop No. 1, and our new b2C solution that certify high-standard workshops for car owners, CassCertified, as well as some other advertising and logistics services. These different categories have distinct margin profiles and growth trajectories. For example, CassMall generally carries a higher gross profit margin compared to CassChoice. As we introduce and promote new business, our overall profitability may fluctuate from period to period depending on the relative contribution of each business line and the mix of products and services transacted on our platform. Our profitability may also be influenced by marketing decisions made in a particular period and by the promotions or incentives we extend to users to deepen engagement with selected offerings. At the same time, our expanding service portfolio enhances our ability to provide a comprehensive aftermarket experience that meets the evolving needs of auto parts manufacturers, distributors, auto service workshops and car owners, which in turn supports user acquisition, retention and cross-selling across our ecosystem.

Our ability to manage operating costs and expenses

Our results of operations depend on our ability to effectively manage our operating costs and expenses. As our business continues to scale, we may benefit from lower marginal operating costs due to synergies across business lines and efficiencies inherent in our platform model. For instance, the costs associated with operating our platform do not increase proportionally with transaction volume, as we do not need to expand our workforce at the same rate to support business growth. Continued investment in technology, data infrastructure and digital tools further enhances operational efficiency, allowing us to achieve higher productivity with fewer employees over time. In addition, our customer acquisition efforts benefit from strong brand recognition and word-of-mouth referrals among auto service workshops, auto parts distributors and auto parts manufacturers, which helps us contain sales and marketing expenses. Our profitability will depend on the effectiveness and cost efficiency of these marketing initiatives and our broader ability to scale operations while maintaining disciplined cost control.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements related to accounting items. The estimates and assumptions we use and the judgements we make in applying our accounting policies have a critical impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgements based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. Set forth below are accounting policies that we believe are of critical importance to us or involve the most critical estimates, assumptions and judgements used in the preparation of our financial statements. Our material accounting policies, critical accounting estimates, assumptions and judgements, which are important for understanding our financial condition and results of operations, are set forth in further details in Note 4 to the Accountant's Report set forth in Appendix I to this document.

Material Accounting Policies

Accounting policies of revenue recognition

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

We recognize revenue at a point in time when the customer obtains control of the goods and services under IFRS 15.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, we present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is our right to consideration in exchange for goods and services that we have transferred to a customer. A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer a good or service to the customer, we present the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due from the customer).

The accounting policy for our revenue sources

We principally derive revenue from (i) CassMall, (ii) CassChoice and (iii) value-added services.

(i) CassMall

(a) One-stop parts trading platform

We operate an one-stop parts trading platform and use technology to arrange for the provision of specified goods or services by auto parts distributors to automotive service workshops. Accordingly, we charge the auto parts distributors with technical service fees which are primarily determined as a percentage of the transaction value and are recognised as commission revenue at a point in time, being when the performance obligation is satisfied upon the completion of the underlying goods or services provided by the auto parts distributors to the automotive service workshops.

We act as an agent in providing e-commerce services to auto parts distributors. This assessment is supported by the fact that we (1) are not the primary obligor in the arrangement; (2) have no discretion in setting the selling prices of auto parts distributors products or services; (3) do not bear inventory risks; and (4) are not involved in determining product or service specifications. Accordingly, revenue from these services is recorded on a net basis.

(b) Incentives to transacting users

Incentives provided to customers (i.e. auto parts distributors) are recorded as reduction of revenue if they are not payments for distinct goods or services from the customers. Incentives are also provided to transacting users (i.e. automotive repair workshops). We evaluate the nature of the incentives and determine whether we are acting on behalf of our customers (i.e., auto parts distributors) in providing incentives — even in the absence of an explicit contractual obligation to do so.

If the incentives are deemed to represent an implicit obligation to automotive repair workshops on behalf of auto parts distributors, they are recorded as a reduction of revenue. Otherwise, they are recognized within "Selling and marketing expenses".

(ii) CassChoice

We provide flexible supply chain solution service to auto parts distributors by fulfilling order placement for auto parts that are sourced and distributed by us. Leveraging transactions data continuously collected from CassMall, we carry out AI-driven predictive analytics to anticipate demand planning and optimize inventory management.

Revenue is recognized at a point in time when controls of goods are transferred to the auto parts distributors, being when the auto parts are delivered to and accepted by the auto parts distributors.

We acts as the principal in these transactions, as we are primarily responsible for fulfilling orders by sourcing and delivering auto parts to customers. We have full discretion in price-setting, selection of auto parts, and bear inventory risk before control is transferred to the customer. We also maintain control over the auto parts prior to their delivery. Revenue from these sales is recognized on a gross basis.

(iii) Value-added Services

(a) Online marketing services

We provide various online marketing services primarily to auto parts distributors on our CassMall platform service, including but not limited to performance-based marketing services of which auto parts distributors are charged through search query based on clicks on certain information, and display-based marketing which allows auto parts distributors to place promotion information online.

Online marketing service revenue is recorded on a gross basis in arrangements as we act as the principal in the provision of these services.

Revenue from performance-based marketing services is recognized when the agreed-upon performance criteria are met. Revenue from display-based marketing services is recognized on a straight-line basis over the contractual service period.

(b) Intelligent automotive service workshop management system

We provide cloud-based intelligent automotive service workshop management system, Workshop No. 1, to automotive service workshops, which aims at assisting these automotive service workshops to digitalize the day-to-day operation and improve operating efficiency.

The revenue is comprised primarily of fees charge by us for subscription and hosted service offerings, and related support. The revenue is primary recognized ratably over the contractual period, beginning with commencement of service. For the contracts granting customers perpetual rights to access related services, revenue is also considered a performance obligation satisfied over time and recognized ratably over the estimated useful life of the intelligent automotive service workshop management system.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Our management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

(a) Current income taxes and deferred income taxes

We are subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(b) Expected credit loss for receivables

The impairment provisions for receivables are based on assumptions about the expected loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 3.1(b) to the Accountant's Report in Appendix I to this document. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the profit or loss.

(c) Recognition of share-based compensation expenses

The fair value of options is determined by the binomial option-pricing model at the grant date, and is expected to be expensed over the respective vesting period. Significant estimate on assumptions, including risk-free interest rate, expected volatility and dividend yield are made by the directors with the assistance of an independent valuer. For details, refer to Note 27 to the Accountant's Report in Appendix I to this document.

(d) Fair value measurement of financial assets and liabilities at fair value through profit or loss

The fair value assessment of financial assets and liabilities at fair value through profit or loss that are measured at level 3 fair value hierarchy requires significant estimates, which include estimating the future cash flows, determining appropriate discount rates and other assumptions disclosed in Note 30 to the Accountant's Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth our consolidated results of operations for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*% of revenue*	*RMB*	*% of revenue*	*RMB*	*% of revenue*
	(in thousands, except for percentages)					
Revenue	685,150	100.0	742,146	100.0	929,549	100.0
Cost of revenue	(500,212)	(73.0)	(521,759)	(70.3)	(666,374)	(71.7)
Gross profit	**184,938**	27.0	**220,387**	29.7	**263,175**	28.3
Selling and marketing expenses	(209,406)	(30.6)	(213,817)	(28.8)	(191,564)	(20.6)
Administrative expenses	(58,319)	(8.5)	(52,883)	(7.1)	(60,779)	(6.5)
Research and development expenses	(73,666)	(10.8)	(73,865)	(10.0)	(55,921)	(6.0)
Net impairment losses on financial assets	(1,340)	(0.2)	(10,564)	(1.4)	(8,621)	(0.9)
Other income	15,867	2.3	3,785	0.5	2,353	0.3
Other gains/(losses) – net	935	0.1	37	0.0	1,755	0.2
Operating losses	**(140,991)**	(20.6)	**(126,920)**	(17.1)	**(49,602)**	(5.3)
Finance income	2,939	0.4	2,847	0.4	1,612	0.2
Finance costs	(6,083)	(0.9)	(5,375)	(0.7)	(8,573)	(0.9)
Finance costs, net	(3,144)	(0.5)	(2,528)	(0.3)	(6,961)	(0.7)
Share of profits of investments accounted for using the equity method	399	0.1	172	0.0	206	0.0
Fair value changes of financial assets and financial liabilities at fair value through profit or loss – net	(431,956)	(63.0)	(318,491)	(42.9)	(342,777)	(36.9)
Loss before income tax	**(575,692)**	(84.0)	**(447,767)**	(60.3)	**(399,134)**	(42.9)
Income tax (expenses)/credit	(32)	(0.0)	(24)	(0.0)	56	0.0
Loss for the year	**(575,724)**	**(84.0)**	**(447,791)**	**(60.3)**	**(399,078)**	**(42.9)**

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items.

We believe this measure provides useful information to [**REDACTED**] 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 loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure as an analytical tool has limitations, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies.

We define adjusted loss for the year (non-IFRS measure) as loss for such year adjusted by adding back (i) fair value changes of financial liabilities at fair value through profit or losses and (ii) share option schemes-value of employee services, (iii) share-based payment expense and (iv) [**REDACTED**] expenses. The adjustments were consistently made during the Track Record Period. The following table reconciles our adjusted loss (non-IFRS measure) in the years presented to the nearest measure prepared in accordance with IFRS Accounting Standards:

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB	*RMB* *(in thousands)*	*RMB*
Loss for the year	(575,724)	(447,791)	(399,078)
Add:			
– Fair value changes of financial assets and financial liabilities at Fair value through profit or losses	431,956	318,491	342,777
– Share option schemes-value of employee services	19,157	5,085	3,100
– [**REDACTED**] expenses	–	–	8,486
Adjusted loss (Non-IFRS measure)	**(124,611)**	**(124,215)**	**(44,715)**

Our adjusted loss (non-IFRS measure) remained relatively stable at RMB124.6 million in 2023 and RMB124.2 million in 2024. Our adjusted loss (non-IFRS measure) decreased significantly by 64.0% to RMB44.7 million in 2025, primarily due to (i) the expansion of our business scale, which drove growth in revenue and gross profit; (ii) enhanced business synergies driven by economies of scale, which contributed to growth in high-margin businesses; and (iii) our continuous optimization of operational efficiency and effective cost control.

Description of Major Components of Results of Operations

Revenue

We generate revenue primarily from (i) selling price of the auto parts that we procured from auto parts manufacturers through CassChoice, our F2B auto parts procurement platform, and sold to auto parts distributors; (ii) commissions for auto parts transactions completed on CassMall, our one-stop B2b auto parts trading platform, based on the type of auto parts sold; (iii) value-added services, primarily including subscription fees for Workshop No. 1, our intelligent auto service workshop management system, traffic and certification fees for CassCertified, our digital certification system for professional workshops, advertising fees, and commissions for logistics services. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB685.2 million, RMB742.1 million and RMB929.5 million, respectively. For a description of our solutions, see "Business — Our Offerings" for more information.

The following table sets forth a breakdown of our revenue by solutions in absolute amounts and as percentages of our total revenue for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*% of revenue*	*RMB*	*% of revenue*	*RMB*	*% of revenue*
	(in thousands, except for percentages)					
CassChoice (F2B)						
OEM parts	408,827	59.7	381,733	51.4	492,684	53.0
Branded parts	71,128	10.4	129,372	17.4	165,584	17.8
Subtotal	479,955	70.1	511,105	68.9	658,268	70.8
CassMall (B2b)	167,976	24.5	188,500	25.4	214,898	23.1
Value-added Services	37,219	5.4	42,541	5.7	56,383	6.1
Total	**685,150**	**100.0**	**742,146**	**100.0**	**929,549**	**100.0**

CassChoice (F2B)

For the years ended December 31, 2023, 2024 and 2025, revenue generated from CassChoice amounted to RMB480.0 million, RMB511.1 million and RMB658.3 million, respectively, accounting for 70.1%, 68.9% and 70.8% of our total revenue for the same years, respectively. For the years ended December 31, 2023, 2024 and 2025, our sales of OEM parts through CassChoice were RMB408.8 million, RMB381.7 million and RMB492.7 million, respectively. For the years ended December 31, 2023, 2024 and 2025, our sales of branded parts through CassChoice were RMB71.1 million, RMB129.4 million and RMB165.6 million, respectively.

CassMall (B2b)

For the years ended December 31, 2023, 2024 and 2025, revenue generated from CassMall amounted to RMB168.0 million, RMB188.5 million and RMB214.9 million, respectively, accounting for 24.5%, 25.4% and 23.1% of our total revenue for the same years, respectively.

Value-added Services

For the years ended December 31, 2023, 2024 and 2025, revenue generated from our value-added services amounted to RMB37.2 million, RMB42.5 million and RMB56.4 million, respectively, accounting for 5.4%, 5.7% and 6.1% of our total revenue for the same years, respectively.

Cost of Revenue

Our cost of revenue consists of (i) cost of auto parts sold, (ii) cost of server, (iii) transaction fees and (iv) others, primarily consisting of employee benefit expenses. For the years ended December 31, 2023, 2024 and 2025, our cost of revenue amounted to RMB500.2 million, RMB521.8 million, RMB666.4 million, respectively, accounting for 73.0%, 70.3% and 71.7% of our total revenue for the same years, respectively.

The following table sets forth a breakdown of our cost of revenue by nature in absolute amounts and as percentages of our total cost of revenue for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Cost of Revenue						
Cost of auto parts sold	466,980	93.4	485,755	93.1	630,478	94.6
Cost of server	11,447	2.3	11,089	2.1	8,926	1.3
Transaction fees	9,082	1.8	9,289	1.8	9,290	1.4
Others	12,703	2.5	15,626	3.0	17,680	2.7
Total	**500,212**	**100.0**	**521,759**	**100.0**	**666,374**	**100.0**

The following table sets forth a breakdown of our cost of revenue by offerings in absolute amounts and as percentages of our total cost of revenue for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Cost of Revenue						
CassChoice (F2B)						
OEM parts	405,562	81.1	377,729	72.4	488,398	73.3
Branded parts	67,591	13.5	114,364	21.9	149,620	22.5
Subtotal	473,153	94.6	492,093	94.3	638,018	95.7
CassMall (B2b)	19,095	3.8	20,076	3.8	17,271	2.6
Value-added Services	7,964	1.6	9,590	1.8	11,085	1.7
Total	**500,212**	**100.0**	**521,759**	**100.0**	**666,374**	**100.0**

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB184.9 million, RMB220.4 million and RMB263.2 million, respectively, for the years ended December 31, 2023, 2024 and 2025. During the same year, our gross profit margin was 27.0%, 29.7% and 28.3%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by offerings for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(in thousands, except for percentages)					
CassChoice (F2B)						
OEM parts	3,265	0.8	4,004	1.0	4,286	0.9
Branded parts	3,537	5.0	15,008	11.6	15,964	9.6
Subtotal	6,802	1.4	19,012	3.7	20,250	3.1
CassMall (B2b)	148,881	88.6	168,424	89.3	197,627	92.0
Value-added Services	29,255	78.6	32,951	77.5	45,298	80.3
Total	**184,938**	**27.0**	**220,387**	**29.7**	**263,175**	**28.3**

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses which includes salaries, social insurance and housing provident fund of our selling and marketing as well as operation personnel, (ii) promotion, advertising and transacting user incentives, and (iii) other expenses, primarily consisting of traveling expenses, office expenses and express fees. The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as percentages of total selling and marketing expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Selling and marketing expenses						
Employee benefit expenses	174,433	83.3	169,312	79.2	152,836	79.8
Promotion, advertising and transacting user incentives	15,265	7.3	20,772	9.7	18,472	9.6
Others	19,708	9.4	23,733	11.1	20,256	10.6
Total	**209,406**	**100.0**	**213,817**	**100.0**	**191,564**	**100.0**

For the years ended December 31, 2023, 2024 and 2025, we incurred selling and marketing expenses of RMB209.4 million, RMB213.8 million and RMB191.6 million, respectively, representing 30.6%, 28.8% and 20.6% of our revenue for the same years, respectively.

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses which includes salaries, social insurance and housing provident fund of our administrative personnel, (ii) depreciation and amortization, (iii) office expenses, (iv) [**REDACTED**] expenses, and (v) other expenses, primarily consisting of traveling expenses, rental expenses and staff training expenses. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of total administrative expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Administrative expenses						
Employee benefit expenses	32,263	55.3	33,518	63.4	35,421	58.3
Depreciation and amortization	7,016	12.0	6,050	11.4	1,705	2.8
Office expenses	3,476	6.0	2,845	5.4	2,722	4.5
[**REDACTED**] expenses	–	–	–	–	8,486	14.0
Others	15,564	26.7	10,470	19.8	12,445	20.4
Total	**58,319**	**100.0**	**52,883**	**100.0**	**60,779**	**100.0**

For the years ended December 31, 2023, 2024 and 2025, we incurred administrative expenses of RMB58.3 million, RMB52.9 million and RMB60.8 million, respectively, representing 8.5%, 7.1% and 6.5% of our revenue for the same years, respectively.

Research and Development Expenses

Our research and development expenses consist of (i) employee benefit expenses which includes salaries, social insurance and housing provident fund of our research and development personnel, (ii) outsourcing service fees, and (iii) other expenses, primarily consisting of office expenses, depreciation and amortization. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of total research and development expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Research and development expenses						
Employee benefit expenses	60,087	81.6	65,546	88.7	43,559	77.9
Outsourcing service fees	8,628	11.7	2,443	3.3	7,558	13.5
Others	4,951	6.7	5,876	8.0	4,804	8.6
Total	**73,666**	**100.0**	**73,865**	**100.0**	**55,921**	**100.0**

For the years ended December 31, 2023, 2024 and 2025, we incurred research and development expenses of RMB73.7 million, RMB73.9 million and RMB55.9 million, respectively, representing 10.8%, 10.0% and 6.0% of our revenue for the same years, respectively.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets is related to the provision for expected credit losses on trade receivables and other receivables. For the years ended December 31, 2023, 2024 and 2025, we recorded net impairment losses on financial assets of RMB1.3 million, RMB10.6 million, RMB8.6 million, respectively.

Other Income

Our other income primarily consists of government grants, which were mainly subsidies provided by local government authorities to reward our support and contribution for the development of local economies. For the years ended December 31, 2023, 2024 and 2025, we incurred other income of RMB15.9 million, RMB3.8 million, RMB2.4 million, respectively.

Other Gains or Losses, Net

Our other gains or losses primarily consist of (i) net foreign exchange gains or losses and (ii) others gains, including logistics insurance compensation. For the years ended December 31, 2023, 2024 and 2025, we incurred other gains of RMB935 thousand, RMB37 thousand and RMB1.8 million, respectively.

Finance Costs, Net

Our finance income primarily consist of interest income from bank deposits. Our finance costs primarily consist of (i) interest expenses on borrowings, and (ii) interest expenses on lease liabilities. For the years ended December 31, 2023, 2024 and 2025, we incurred finance costs, net of RMB3.1 million, RMB2.5 million and RMB7.0 million, respectively.

Share of Profits of Investments Accounted for Using the Equity Method

Our share of profits of investments accounted for using the equity method primarily consist of the earnings generated from the joint ventures we invested. For the years ended December 31, 2023, 2024 and 2025, we recorded share of profits of investments accounted for using the equity method of RMB399 thousand, RMB172 thousand and RMB206 thousand, respectively.

Fair Value Change on Financial Liabilities at Fair Value Through Profit or Loss

Our fair value change on financial liabilities at fair value through profit or loss primarily consist of impairment losses on financial liabilities including redeemable convertible preferred shares, convertible bonds and other financial liabilities. For the years ended December 31, 2023, 2024 and 2025, we recorded loss on fair value change on financial liabilities at fair value through profit or loss of RMB432.0 million, RMB318.5 million and RMB342.8 million, respectively.

Income Tax Credits or Expenses

Our income tax (expenses)/credit consisted primarily of current and deferred income tax. For the years ended December 31, 2023 and 2024, we recorded income tax expenses of RMB32 thousand and RMB24 thousand. We recorded income tax credits of RMB56 thousand for the year ended December 31, 2025.

DISCUSSION OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 25.3% from RMB742.1 million in 2024 to RMB929.5 million in 2025, primarily driven by the business growth in both of our CassChoice and CassMall.

CassChoice. Revenue from CassChoice increased by 28.8% from RMB511.1 million in 2024 to RMB658.3 million in 2025, primarily due to higher transaction volumes on our platform.

CassMall. Revenue from CassMall increased by 14.0% from RMB188.5 million in 2024 to RMB214.9 million in 2025, primarily due to the growth in our platform user base and an increase in customer penetration.

Value-added Services. Revenue from value-added services increased by 32.5% from RMB42.5 million in 2024 to RMB56.4 million in 2025, primarily due to the expansion of our value-added service offerings.

Cost of Revenue

Cost of revenue increased by 27.7% from RMB521.8 million in 2024 to RMB666.4 million in 2025. The increase in our cost of revenue is generally in line with the growth of sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 19.4% from RMB220.4 million in 2024 to RMB263.2 million in 2025. The increase in our gross profit was primarily because our revenue increased while certain fixed components of cost of revenue remained relatively stable. Our gross profit margin decreased from 29.7% in 2024 to 28.3% in 2025. The decrease in our gross profit margin was primarily due to the decrease in gross profit margin of CassChoice.

CassChoice. Gross profit of CassChoice increased by 6.5% from RMB19.0 million in 2024 to RMB20.3 million in 2025, which was generally in line with our revenue growth in CassChoice. Gross profit margin of CassChoice decreased from 3.7% in 2024 to 3.1% in 2025, primarily due to changes in the product mix of CassChoice, as a result of our introduction of international branded parts with relatively lower margin to enrich our product portfolio during the year.

CassMall. Gross profit of CassMall increased by 17.3% from RMB168.4 million in 2024 to RMB197.6 million in 2025, which was generally in line with our revenue growth in CassMall. Gross profit margin of CassMall increased from 89.3% in 2024 to 92.0% in 2025, primarily due to the relatively stable cost of CassMall platform alongside revenue growth, thereby generating economies of scale.

Value-added services. Gross profit of value-added services increased by 37.5% from RMB33.0 million in 2024 to RMB45.3 million in 2025, which was generally in line with the increase of value-added services revenue. Gross profit margin of value-added services remained on a relatively high level from 77.5% in 2024 to 80.3% in 2025 primarily due to the minimal incremental costs associated with our value-added services.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 10.4% from RMB213.8 million in 2024 to RMB191.6 million in 2025, primarily due to the decrease in employee costs resulting from staffing optimization achieved through our adoption of AI and big data technologies. Our selling and marketing expenses as a percentage of our revenues declined from 28.8% to 20.6% during the same years, primarily due to our established nationwide business coverage and a stable marketing team sufficient to support future business needs, without further corresponding increase in personnel costs as our revenue growth.

Administrative Expenses

Our administrative expenses increased by 14.9% from RMB52.9 million in 2024 to RMB60.8 million in 2025, primarily due to the incurrence of [**REDACTED**] expenses. Our administrative expenses as a percentage of our revenues declined from 7.1% to 6.5% during the same years primarily due to our revenue growth alongside the relatively stable administrative expenses during the years.

Research and Development Expenses

Our research and development expenses decreased by 24.3% from RMB73.9 million in 2024 to RMB55.9 million in 2025, primarily due to decrease in employee costs resulting from the enhanced R&D efficiency achieved through our adoption of AI and big data technologies as well as optimization of research and development personnel. Our research and development expenses as a percentage of our revenue declined from 10.0% to 6.0% during the same years, primarily due to combined effect of reduced employee costs and our steady revenue growth.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased by 18.4% from RMB10.6 million in 2024 to RMB8.6 million in 2025, which reflected normal fluctuations in daily operations.

Other Income

Our other income decreased by 37.8% from RMB3.8 million in 2024 to RMB2.4 million in 2025, primarily due to fluctuations in the amount of government grants resulting from changes in government policies.

Other Gains or Losses, Net

Our other losses, net increased significantly from RMB37 thousand in 2024 to RMB1.8 million in 2025, as a result of the disposal of all of our shares in a non-wholly-owned subsidiary, which resulted in gain on disposal amounting to approximately RMB2.4 million.

Finance Cost, Net

Our financial cost, net increased by 175.4% from RMB2.5 million in 2024 to RMB7.0 million in 2025, primarily due to the increase in interest expenses on borrowings resulting from the higher borrowing amounts in 2025 as well as the decrease in interest income from bank deposits during the same year.

Share of Profits of Investments Accounted for Using the Equity Method

Our share of profits of investments accounted for using the equity method increased by 19.8% from RMB172 thousand in 2024 to RMB206 thousand in 2025, primarily due to the increase in the net profit of our investee companies in 2025, which resulted in a corresponding increase in our calculated share of profits.

Fair Value Changes of Financial Liabilities at Fair Value Through Profit or Loss

Our loss on fair value changes of financial liabilities at fair value through profit or loss increased by 7.6% from RMB318.5 million in 2024 to RMB342.8 million in 2025. The change was primarily due to the fair value changes of the preferred shares.

Income Tax Credits or Expenses

We recorded income tax expenses of RMB24 thousand in 2024 and incurred income tax credits of RMB56 thousand in 2025. This was because the accounting treatment of depreciation on right-of-use assets and interest on lease liabilities resulted in temporary differences between accounting profit and taxable income, which in turn gave rise to the corresponding income tax credits or expenses.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 10.9% from RMB447.8 million in 2024 to RMB399.1 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 8.3% from RMB685.2 million in 2023 to RMB742.1 million in 2024, as a result of the business growth in both of our CassChoice and CassMall.

CassChoice. Revenue from CassChoice increased by 6.5% from RMB480.0 million in 2023 to RMB511.1 million in 2024, primarily due to higher transaction volumes on our platform.

CassMall. Revenue from CassMall increased by 12.2% from RMB168.0 million in 2023 to RMB188.5 million in 2024, primarily due to growth in transaction volume.

Value-added services. Revenue from value-added services increased by 14.3% from RMB37.2 million in 2023 to RMB42.5 million in 2024, primarily due to the expansion of our value-added service offerings.

Cost of Revenue

Cost of revenue increased by 4.3% from RMB500.2 million in 2023 to RMB521.8 million in 2024. The increase in our cost of revenue is generally in line with the growth of sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 19.2% from RMB184.9 million in 2023 to RMB220.4 million in 2024, and our gross profit margin increased from 27.0% to 29.7% from 2023 to 2024. The increase in our gross profit and gross profit margin was primarily because our revenue increased while certain fixed components of cost of revenue remained relatively stable.

CassChoice. Gross profit of CassChoice increased by 179.5% from RMB6.8 million in 2023 to RMB19.0 million in 2024, which was generally in line with the revenue growth of CassChoice. Gross profit margin of CassChoice increased from 1.4% in 2023 to 3.7% in 2024, primarily due to the increase in the proportion of revenue attributable to higher-margin branded parts.

CassMall. Gross profit of CassMall increased by 13.1% from RMB148.9 million in 2023 to RMB168.4 million in 2024, which was generally in line with our revenue growth in CassMall. Gross profit margin of CassMall increased from 88.6% in 2023 to 89.3% in 2024, primarily due to the enhanced operational efficiency and streamlined management of our platform, as well as the expansion of our value-added service offerings.

Value-added services. Gross profit of value-added services increased by 12.6% from RMB29.3 million in 2023 to RMB33.0 million in 2024, primarily due to increase in value-added services revenue. Gross profit margin of value-added services remained on a relatively high level from 78.6% in 2023 to 77.5% in 2024, primarily due to the minimal incremental costs associated with our value-added services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 2.1% from RMB209.4 million in 2023 to RMB213.8 million in 2024.

Administrative Expenses

Our administrative expenses decreased by 9.3% from RMB58.3 million in 2023 to RMB52.9 million in 2024, primarily due to the incurrence of financing-related consulting fees in connection with our financing activities in 2023, which did not recur in 2024.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB73.7 million in 2023 compared with RMB73.9 million in 2024.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased from RMB1.3 million in 2023 to RMB10.6 million in 2024, which reflected normal fluctuations in daily operations.

Other Income

Our other income decreased by 76.1% from RMB15.9 million in 2023 to RMB3.8 million in 2024, primarily due to the significant decrease in government grants, particularly those related to foreign investment, as a result of the changes in our shareholding structure that rendered us ineligible for such grants.

Other Gains or Losses, Net

Our other gains, net decreased from RMB935 thousand in 2023 to RMB37 thousand in 2024, primarily due to the decrease in our exchange gains.

Finance Cost, Net

Our financial cost, net decreased by 19.6% from RMB3.1 million in 2023 to RMB2.5 million in 2024, primarily because we optimized our borrowing structure, which resulted in a reduction in the average interest rate on our borrowings.

Share of Profits of Investments Accounted for Using the Equity Method

Our share of profits of investments accounted for using the equity method decreased by 56.9% from RMB399 thousand in 2023 to RMB172 thousand in 2024, primarily due to the decline in the net profit of our investee companies in 2024, which resulted in a corresponding decrease in our calculated share of profits.

Fair Value Changes of Financial Liabilities at Fair Value Through Profit or Loss

Our loss on fair value changes of financial liabilities at fair value through profit or loss decreased by 26.3% from RMB432.0 million in 2023 to RMB318.5 million in 2024. The change was primarily due to the fair value changes of the preferred shares.

Income Tax Credits or Expenses

We recorded income tax expenses of RMB32 thousand and RMB24 thousand in 2023 and 2024, respectively, because we were entitled to government tax incentives as high-tech and software enterprise.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 22.2% from RMB575.7 million in 2023 to RMB447.8 million in 2024.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The table below sets forth a summary of our consolidated statement of financial position as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB	*RMB* (*in thousands*)	*RMB*
Non-current Assets			
Property, plant and equipment	544	379	1,803
Right-of-use assets	11,237	3,758	9,440
Intangible assets	1,531	782	224
Investments accounted for using the equity method	7,109	7,281	7,487
Deposits	1,104	188	671
Total Non-current Assets	**21,525**	**12,388**	**19,625**
Current Assets			
Inventories	8,558	17,127	33,239
Trade receivables	32,214	44,706	101,017
Prepayments and other receivables	276,107	241,868	224,628
Financial assets at fair value through profit or loss	–	10,000	–
Term deposit with original maturity over three months	–	20,000	–
Restricted cash	125,988	164,547	157,905
Cash and cash equivalents	173,101	44,955	115,512
Total Current Assets	**615,968**	**543,203**	**632,301**
Current Liabilities			
Trade and other payables	581,156	596,641	625,188
Contract liabilities	45,432	39,458	52,099
Lease liabilities	7,427	2,521	2,630
Borrowings	115,198	137,494	180,935
Financial liabilities at fair value through profit or loss	2,606,808	3,021,941	3,451,655
Total Current Liabilities	**3,356,021**	**3,798,055**	**4,312,507**
Net Current Liabilities	**2,740,053**	**3,254,852**	**3,680,206**

	As of December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in thousands)	
Non-current Liabilities			
Lease liabilities	4,670	1,024	6,869
Borrowings	1,875	20,000	–
Contract liabilities	4,666	5,084	4,773
Deferred tax liabilities	36	60	4
Total Non-current Liabilities	**11,247**	**26,168**	**11,646**
Total liabilities	**3,367,268**	**3,824,223**	**4,324,153**
Total equity and liabilities	**637,493**	**555,591**	**651,926**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of furniture and fixtures, equipment, motor vehicles and leasehold improvements. The table below sets forth a breakdown of property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in thousands)	
Furniture and fixtures	40	29	604
Equipment	416	313	787
Motor vehicles	15	9	412
Leasehold improvements	73	28	–
Total	**544**	**379**	**1,803**

Our property, plant and equipment decreased by 30.3% from RMB0.5 million as of December 31, 2023 to RMB0.4 million as of December 31, 2024, primarily due to the replacement of assets in the ordinary course of operations and the shift to leasing equipment for subsequent use, which resulted in a gradual reduction in our owned equipment. Our property, plant and equipment increased by 375.7% from RMB0.4 million as of December 31, 2024 to RMB1.8 million as of December 31, 2025, primarily due to our addition of warehouse shelves and monitoring systems.

Right-of-Use Assets

Our right-of-use assets represent carrying amounts of our leased properties. The lease contracts typically have a fixed term of three to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, we apply the definition of each contract and determine the period for which the contract is enforceable.

Our right-of-use assets decreased by 66.6% from RMB11.2 million as of December 31, 2023 to RMB3.8 million as of December 31, 2024, primarily due to the termination of certain property leases in 2024. Our right-of-use assets increased by 151.2% from RMB3.8 million as of December 31, 2024 to RMB9.4 million as of December 31, 2025, primarily due to our execution of new lease agreement for office spaces in 2025, pursuant to which we recognized the corresponding right-of-use assets and lease liabilities based on the new rental terms.

Intangible Assets

Our intangible assets primarily consist of software. Our intangible assets decreased by 48.9% from RMB1.5 million as of December 31, 2023 to RMB0.8 million as of December 31, 2024, and further decreased by 71.4% to RMB0.2 million as of December 31, 2025. The decrease was mainly because we did not record any new intangible asset additions during the year, and existing intangible assets were amortized in accordance with accounting standards.

Investments Accounted for Using the Equity Method

Investments accounted for using the equity method are related to our investments in an associated company, which remained relatively stable at RMB7.1 million, RMB7.3 million and RMB7.5 million, as of December 31, 2023, 2024 and 2025, respectively.

Inventories

Our inventories consist of auto parts under certain CassChoice business. The table below sets forth the aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB	*RMB*	*RMB*
		(in thousands)	
Up to 3 months	6,675	11,833	19,123
3 to 6 months	1,883	4,131	4,854
6 to 12 months	–	1,100	7,405
Over 12 months	–	62	1,856
Total	**8,558**	**17,127**	**33,239**

The table below sets forth the turnover days of our inventories for the years indicated:

	For the year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days[(1)]	5	10	15

Note:

(1) Inventory turnover days are calculated by dividing the average of the beginning and ending balance of inventories for the relevant period by cost of revenues related to CassChoice for the relevant period and multiplying by 365 days for the full-year period.

Our inventories increased by 100.1% from RMB8.6 million as of December 31, 2023 to RMB17.1 million as of December 31, 2024, and further increased by 94.1% to RMB33.2 million as of December 31, 2025. This increase was mainly due to our build-up of self-owned inventories for certain key products and maintain regular inventory reserves to support our operation.

No impairment loss was recognized for inventories as of the end of each period.

During the Track Record Period, we maintained a high inventory turnover efficiency with inventory turnover days remained at a relatively low level of 5 days, 10 days and 15 days in 2023, 2024 and 2025 respectively. The slight increase was mainly attributable to our strategic inventory build-up.

As of February 28, 2026, RMB9.5 million, or 28.7% of our inventories as of December 31, 2025 had been subsequently sold or utilized, primarily due to the business off-season around the Chinese New Year, resulting in a slower inventory turnover.

Trade Receivables

Our trade receivables mainly represent receivables for CassChoice and CassMall. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB	*RMB*	*RMB*
		(in thousands)	
Trade receivables	38,799	59,331	112,216
Less: allowance for impairment	(6,585)	(14,625)	(11,199)
Total	**32,214**	**44,706**	**101,017**

Our trade receivables increased by 38.8% from RMB32.2 million as of December 31, 2023 to RMB44.7 million as of December 31, 2024, and further increased by 126.0% to RMB101.0 million as of December 31, 2025, primarily due to the growth of our revenue during the Track Record Period.

During the Track Record Period, we typically grant our customers credit periods of 30 to 90 days. Our trade receivables are generally settled in accordance with the terms of the relevant contracts. We make assessments on our trade receivables on a monthly basis and make provisions for our trade receivables based on expected credit losses by considering the age of outstanding trade receivables and forward-looking information. We adjust the provisions at the end of each year.

The table below sets forth the aging analysis of our trade receivables based invoice date:

	As of December 31,		
	2023	2024	2025
	RMB	*RMB* *(in thousands)*	*RMB*
Up to 3 months	22,952	39,227	79,056
3 to 6 months	10,660	1,804	27,956
6 to 12 months	1,428	12,668	4,300
Over 12 months	3,759	5,632	904
Total	**38,799**	**59,331**	**112,216**

The table below sets forth the turnover days of our trade receivables for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Trade receivables turnover days[(1)]	34	19	29

Note:

(1) Trade receivables turnover days are calculated by dividing the average of the beginning and ending balance of trade receivables for the relevant period by revenue for the relevant period and multiplying by 365 days for the full-year period.

Our trade receivables turnover days decreased from 34 days in 2023 to 19 days in 2024, mainly due to a higher opening balance of trade receivables in 2023, which resulted from the extended credit terms offered to customers for business promotion during the launch of CassChoice in late 2022. Our trade receivables turnover days increased from 19 days in 2024 to 29 days in 2025, primarily because we extended credit terms to key customers amid their increased revenue contribution to strengthen our strategic partnerships.

As of February 28, 2026, approximately RMB90.1 million, or 80.3% of our trade receivables as of December 31, 2025 had been subsequently settled.

Prepayments, deposits and other receivables

The following table sets forth the details of our prepayments, deposits and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in thousands)	
Non-current			
Lease deposits	1,104	188	671
Current			
Prepayment			
Prepayment for auto parts	42,999	24,290	29,318
Deferred [**REDACTED**] expenses	–	363	1,340
Others	1,057	1,095	1,948
Subtotal	**44,056**	**25,748**	**32,606**
Deposits and other receivables			
Receivables from CassMall platform service	237,080	222,686	206,597
Deposits	2,427	2,757	1,195
Deductible input value-added tax	3,012	2,894	3,289
Others	51,607	52,370	51,138
Less: allowance for impairment of other receivables	(62,075)	(64,587)	(70,197)
Subtotal	**232,051**	**216,120**	**192,022**
Total	**277,211**	**242,056**	**225,299**

Our prepayments and other receivables consist primarily of (i) lease deposits; (ii) prepayments related to our CassChoice business; and (iii) deposits and other receivables, primarily including receivables from CassMall platform service, deposits and deductible input value-added tax.

Our prepayments, deposits and other receivables decreased from RMB277.2 million as of December 31, 2023 to RMB242.1 million as of December 31, 2024, primarily due to (i) the decrease in prepayments of RMB18.3 million as a result of our enhanced supply chain management capabilities and strengthened bargaining power, which led to lower advance payment requirements from suppliers and (ii) the decrease in receivables from CassMall platform service of RMB14.4 million reflecting normal variations in CassMall platform's daily settlement volumes resulting from operating activities.

Our prepayments, deposits and other receivables decreased from RMB242.1 million as of December 31, 2024 to RMB225.3 million as of December 31, 2025, primarily due to (i) the decrease in receivables from CassMall platform service of RMB16.1 million reflecting normal variations in CassMall platform's daily settlement volumes resulting from operating activities and (ii) an increase of allowance for impairment of other receivables of RMB5.6 million, as a result of increased transaction volume on the CassMall Platform and the corresponding proportional impairment provision, partially offset by an increase in prepayment for auto parts of RMB5.0 million, as a result of an increase in procurement transactions that require advance payments amid our overall business growth.

Financial Assets at Fair Value Through Profit or Loss

During the Track Record Period, our financial assets at fair value through profit or loss mainly consisted of the wealth management products. As of December 31, 2023, 2024 and 2025, we recorded financial assets at fair value through profit or loss of nil, RMB10.0 million, and nil, respectively.

Term Deposit with Original Maturity Over Three Months

During the Track Record Period, our term deposit with original maturity over three months consisted of low-risk bank wealth management products. As of December 31, 2023, 2024 and 2025, we recorded term deposit with original maturity over three months of nil, RMB20.0 million, and nil, respectively.

Restricted Cash

Our restricted cash include cash received from automotive service workshops and placed in banks' supervised accounts for payments to auto parts distributors, deposit of bank draft and bank deposits restricted for contractual disputes. Restricted cash related to auto service workshops is settled to auto parts distributors on a regular basis in accordance with the relevant rules of CassMall platform. Bank deposits are released upon the settlement of the relevant banking products.

As of December 31, 2023, 2024 and 2025, we recorded restricted cash of RMB126.0 million, RMB164.5 million and RMB157.9 million, respectively. Fluctuations in our restricted cash balance primarily reflect normal variations in the platform's daily settlement volumes resulting from operating activities, and are reasonable in the ordinary course of business.

Cash and Cash Equivalents

Our cash and cash equivalents include cash on hand and at bank. As of December 31, 2023, 2024 and 2025, our cash and cash equivalents amounted to RMB173.1 million, RMB45.0 million and RMB115.5 million, respectively. For more information, see "-Liquidity and Capital Resources - Cash Flow."

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables related to CassChoice, (ii) payables in respect of CassMall, (iii) refundable deposits from auto parts distributors, (iv) employee benefit accruals, (v) amounts due to related parties, (vi) other taxes payables, (vii) payables for [**REDACTED**] expenses and (viii) others. The following table sets forth our trade, bills and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in thousands)	
Trade payables	25,859	36,374	64,532
Payables in respect of CassMall	432,393	379,755	364,982
Refundable deposits from auto parts distributors	50,972	50,124	52,133
Employee benefit accruals	35,032	51,264	51,940
Amounts due to related parties	1,065	40,676	43,258
Other taxes payables	1,833	2,505	3,700
Payables for [**REDACTED**] expenses	–	–	4,774
Others	34,002	35,943	39,869
Total	**581,156**	**596,641**	**625,188**

Our trade and other payables increased from RMB581.2 million as of December 31, 2023 to RMB596.6 million as of December 31, 2024. This is primarily due to (i) the increase in amounts due to related parties of RMB39.6 million, as a result of advance investment proceeds received from investors for subscription in our subsidiaries, (ii) an increase in employee benefit accruals of RMB16.2 million and (iii) an increase of RMB10.5 million in trade payables, as we secured longer credit period from our suppliers as our business growth, partially offset by a decrease in payables in respect of CassMall of RMB52.6 million, reflecting normal variations in CassMall platform's daily settlement volumes resulting from operating activities.

Our trade and other payables further increased from RMB596.6 million as of December 31, 2024 to RMB625.2 million as of December 31, 2025. This is primarily due to (i) the increase in trade payables of RMB28.2 million as a result of the longer credit periods we secured from our suppliers, driven by our business expansion and strengthened market position and (ii) our incurrence of payables for [**REDACTED**] expenses of RMB4.8 million.

The following table sets forth the aging analysis of our trade payables based on the invoice date as of the dates indicated and trade payables turnover days for the years indicated:

	As of December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in thousands)	
Up to 3 months	19,270	29,567	58,863
3 to 6 months	1,137	2,683	1,214
Over 6 months	5,452	4,124	4,455
Total	**25,859**	**36,374**	**64,532**

	For the year ended December 31,		
	2023	2024	2025
Trade payables turnover days[1]	18	23	29

Note:

(1) The trade payables turnover days are calculated by dividing the average of the beginning and ending balance of trade payables for the relevant year by the cost of revenues related to CassChoice for the relevant year and multiplying by 365 days for the full-year period.

Our trade and other payables turnover days increased from 18 days in 2023 to 23 days in 2024, and further increased to 29 days in 2025, primarily due to our expanded business scale and enhanced market position, which enabled us to secure longer credit periods from our suppliers.

As of February 28, 2026, RMB51.3 million or 79.5% of our trade payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities represent advance payments on (i) sales of auto parts on our CassChoice platform and (ii) future use of CassMall and Workshop No. 1. We recorded contract liabilities of RMB50.1 million, RMB44.5 million, and RMB56.9 million as of December 31, 2023, 2024 and 2025, respectively.

Deferred Tax Liabilities

During the Track Record Period, we recorded deferred tax of RMB36 thousand, RMB60 thousand and RMB4 thousand as of December 31, 2023, 2024 and 2025, respectively, primarily reflecting the temporary differences between accounting profit and taxable income driven by changes in right-of-use assets and its associated depreciation.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements primarily from bank borrowings and funds raised from equity financings. We had cash and cash equivalents of RMB173.1 million, RMB45.0 million, and RMB115.5 million, respectively, as of December 31, 2023, 2024 and 2025, respectively. Going forward, we believe that our liquidity requirements will be satisfied through a combination of funds raised from capital markets transactions and bank borrowings from time to time, [**REDACTED**] received from the [**REDACTED**], and cash from operating activities after we turn profitable.

Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
	(in thousands)			
				(unaudited)
Current Assets				
Inventories	8,558	17,127	33,239	34,435
Trade receivables	32,214	44,706	101,017	83,844
Prepayments and other receivables	276,107	241,868	224,628	260,822
Financial assets at fair value through profit or loss	–	10,000	–	–
Term deposits with original maturity over three months	–	20,000	–	–
Restricted cash	125,988	164,547	157,905	159,048
Cash and cash equivalents	173,101	44,955	115,512	94,252
Total Current Assets	**615,968**	**543,203**	**632,301**	**632,401**

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
	(in thousands)			
				(unaudited)
Current Liabilities				
Trade and other payables	581,156	596,641	625,188	636,747
Contract liabilities	45,432	39,458	52,099	52,323
Lease liabilities	7,427	2,521	2,630	6,246
Borrowings	115,198	137,494	180,935	179,050
Financial liabilities at FVTPL	2,606,808	3,021,941	3,451,655	3,451,655
Total Current Liabilities	**3,356,021**	**3,798,055**	**4,312,507**	**4,326,039**
Net Current Liabilities	**2,740,053**	**3,254,852**	**3,680,206**	**3,693,638**

Our net current liabilities increased from RMB3,254.9 million as of December 31, 2024 to RMB3,680.2 million as of December 31, 2025, primarily due to (i) an increase in financial liabilities at FVTPL of RMB429.7 million, as a result of the fair value changes of the preferred shares, (ii) an increase in borrowings of RMB43.4 million, (iii) an increase in trade and other payables of RMB28.5 million, as a result of our revenue growth, partially offset by (i) an increase in cash and cash equivalents of RMB70.6 million and (ii) an increase in trade receivables of RMB56.3 million as a result of our business growth.

Our net current liabilities increased from RMB2,740.1 million as of December 31, 2023 to RMB3,254.9 million as of December 31, 2024, primarily due to (i) an increase in financial liabilities at FVTPL of RMB415.1 million, as a result of the fair value changes of the preferred shares, (ii) a decrease in cash and cash equivalents of RMB128.1 million, as a result of the increase of our operating loss and increase of inventory, and (iii) a decrease in prepayments and other receivables of RMB34.2 million, as a result of a decrease in prepayments of RMB18.3 million and a decrease of receivables from CassMall platform service of RMB14.4 million and (iv) an increase in borrowings of RMB22.3 million, partially offset by an increase of restricted cash of RMB38.6 million, as a result of the fact that year-end constitutes an annual peak season for bills collection. Moreover, December 31, 2023 fell on a non-business day, which led to the deferral of receivables collection and thus resulted in a lower balance as of December 31, 2023 than that as of December 31, 2024.

Cash Flow

The following table sets out a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in thousands)	
Net cash (used in) operating activities	(66,787)	(165,740)	(51,171)
Net cash (used in)/generated from investing activities	(346)	(30,028)	28,315
Net cash generated from financing activities	124,829	67,612	93,600
Net increase/(decrease) in cash and cash equivalents	57,696	(128,156)	70,744
Cash and cash equivalents at beginning of year	114,455	173,101	44,955
Effects of exchange rate changes on cash and cash equivalents	950	10	(187)
Cash and cash equivalents at end of year	**173,101**	**44,955**	**115,512**

Cash Flows from Operating Activities

For the year ended December 31, 2025, our net cash used in operating activities was RMB51.2 million. Our loss before tax was RMB399.1 million for the same period. The difference between our loss before tax and our net cash used in operating activities was first adjusted by non-operating items, mainly fair value losses on FVPL liabilities of RMB342.8 million, and further adjusted by changes in working capital items, primarily including (i) increase in trade and other payables of RMB74.6 million and (ii) an increase in contract liabilities of RMB18.8 million, partially offset by (i) an increase in trade receivables of RMB56.8 million and (ii) an increase in prepayments, deposits and other receivables of RMB38.7 million.

For the year ended December 31, 2024, our net cash used in operating activities was RMB165.7 million. Our loss before tax was RMB447.8 million for the same year. The difference between our loss before tax and our net cash used in operating activities was first adjusted by non-operating items, mainly fair value losses on FVPL liabilities of RMB318.5 million, and further adjusted by changes in working capital items, primarily an increase in prepayments, deposits and other receivables of RMB32.6 million, partially offset by (i) an increase in restricted cash of RMB38.6 million and (ii) a decrease in trade and other payables of RMB24.0 million.

For the year ended December 31, 2023, our net cash used in operating activities was RMB66.8 million. Our loss before tax was RMB575.7 million for the same year. The difference between our loss before tax and our net cash used in operating activities was first adjusted by non-operating items, mainly fair value losses on FVPL liabilities of RMB432.0 million, and further adjusted by changes in working capital items, primarily (i) an increase in trade and other payables of RMB143.5 million and (ii) a decrease in trade receivables of RMB59.7 million, partially offset by (i) an increase in prepayments, deposits and other receivables of RMB71.5 million and (ii) an increase in restricted cash of RMB57.1 million.

Please see "— Discussion of Certain Key Balance Sheet Items" for reasons of changes in working capital.

Cash Flows from Investing Activities

For the year ended December 31, 2025, our net cash generated from investing activities was RMB28.3 million, primarily due to (i) our disposal of wealth management products of RMB76.1 million and (ii) our disposal of term deposit with original maturity over three months of RMB20.0 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB30.0 million, primarily due to our (i) purchase of term deposit with original maturity over three months of RMB20.0 million and (ii) purchase of wealth management products of RMB10.0 million.

For the year ended December 31, 2023, our net cash used in investing activities was RMB346 thousand, primarily due to our purchase of intangible assets of RMB397 thousand, partially offset by our disposal of property, plant and equipment of RMB67 thousand.

Cash Flows from Financing Activities

For the year ended December 31, 2025, our net cash generated from financing activities was RMB93.6 million, primarily due to (i) proceeds from borrowings of RMB230.5 million, and (ii) proceeds from issuance of convertible bonds of RMB70.0 million, partially offset by repayments of borrowings of RMB207.1 million.

For the year ended December 31, 2024, our net cash generated from financing activities was RMB67.6 million, primarily due to (i) our proceeds from borrowings of RMB235.3 million and (ii) amount due to a non-controlling shareholder of a subsidiary of RMB40.0 million, partially offset by repayments of borrowings of RMB194.9 million.

For the year ended December 31, 2023, our net cash generated from financing activities was RMB124.8 million, primarily due to (i) our proceeds from borrowings of RMB272.7 million, (ii) proceeds from issuance of redeemable convertible preferred shares of RMB171.5 million and (iii) proceeds from issuance of convertible bonds of RMB41.5 million, partially offset by (i) repayments of borrowings of RMB261.4 million and (ii) repayments of convertible bonds of RMB86.5 million.

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
				(unaudited)
Current liabilities				
Lease liabilities	7,427	2,521	2,630	6,264
Borrowings	115,198	137,494	180,935	179,050
Financial liabilities at fair value through profit or loss	2,606,808	3,021,941	3,451,655	3,451,655
Non-current liabilities				
Lease liabilities	4,670	1,024	6,869	20,396
Borrowings	1,875	20,000	–	–
Total	**2,735,978**	**3,182,980**	**3,642,089**	**3,657,365**

Borrowings

Our borrowings include bank loans and loans from other non-banking financial institutions. Our total borrowings amounted to RMB117.1 million, RMB157.5 million, RMB180.9 million and RMB179.1 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. During the years ended December 31, 2023, 2024 and 2025 and the two months ended February 28, 2026, the weighted average/periods interest rate of bank borrowings is 4.92%, 4.06%, 3.87% and 3.32%.

The table below sets forth our borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
				(unaudited)
Current				
Bank borrowings-unsecured with guarantee	81,875	103,750	160,853	164,221
– recourse factoring with guarantee	23,198	15,619	20,082	14,829
Borrowings from other non-banking financial institution-unsecured with guarantee	10,125	18,125	–	–
Total	**115,198**	**137,494**	**180,935**	**179,050**
Non-current				
Borrowing from other non-banking financial institution-unsecured with guarantee	1,875	20,000	–	–

As of the Latest Practicable Date, our unutilized bank facilities amounted to RMB319.1 million.

Financial Liabilities at Fair Value Through Profit or Loss

Our financial liabilities at fair value through profit or loss primarily include redeemable convertible preferred shares and convertible bonds we issued. See "History and Development — Pre-[**REDACTED**] Investments — Issuance of Redeemable Convertible Preferred Shares/Issuance of Redeemable Convertible Bonds" and Note 30 to the Accountant's Report in Appendix I for details.

During the Track Record Period, we recorded financial liabilities at fair value through profit or loss of RMB2,606.8 million, RMB3,021.9 million, RMB3,451.7 million and RMB3,451.7 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. The changes were primarily due to the increase in the fair value of preferred shares as a result of the appreciation of our enterprise valuation.

Lease Liabilities

Our lease liabilities are in relation to the properties that we leased as our offices and warehouses. We recorded current lease liabilities of RMB7.4 million, RMB2.5 million, RMB2.6 million and RMB6.3 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. We recorded non-current lease liabilities of RMB4.7 million, RMB1.0 million, RMB6.9 million and RMB20.4 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. The following table sets forth the details of our lease liabilities as of dates indicated:

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		*(unaudited)*
Lease Liabilities				
Current	7,427	2,521	2,630	6,264
Non-current	4,670	1,024	6,869	20,396
Total	**12,097**	**3,545**	**9,499**	**26,660**

Contingent Liabilities

As of December 31, 2023, 2024 and 2025 and February 28, 2026, we did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of our Company. Our Directors have confirmed that there had not been any material change in the contingent liabilities of our Company since December 31, 2025 and up to the Latest Practicable Date.

Indebtedness Statement

During the Track Record Period and as of the Latest Practicable Date, none of our creditors of the indebtedness described above had claimed default against us to the best of our knowledge. Our Directors also confirm that we did not experience difficulty in obtaining borrowings, material default in payment on borrowings, payables to related parties, lessors, financial institutions or investors during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of February 28, 2026, being the latest practicable date for our indebtedness statement.

CAPITAL EXPENDITURES

Our capital expenditures have been incurred primarily in relation to purchase of electronic office equipment and intangible assets. In 2023, 2024 and 2025, our capital expenditures totaled RMB0.5 million, RMB71 thousand and RMB1.6 million, respectively.

The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB	*RMB* (*in thousands*)	*RMB*
Purchase of property, plant and equipment	66	71	1,617
Purchase of intangible assets	397	–	–
Total	**463**	**71**	**1,617**

WORKING CAPITAL SUFFICIENCY

Taking into account cash and cash equivalents on hand, funds from equity financings, the available bank facilities and the estimated [**REDACTED**] available to us from the [**REDACTED**], our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Revenue growth	NA	8.3%	25.3%
Gross profit margin(1)	27.0%	29.7%	28.3%

Note:

(1) Gross profit margin represents gross profit for the years divided by revenue for the years and multiplied by 100%.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions, see Note 32 to the Accountant's Report included in Appendix I to this document.

Our Directors believe that our transactions with the related parties during the Track Record Period were conducted in the normal course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and cash flow interest risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management.

Market Risks

Foreign Exchange Risk

Foreign exchange risk arises from recognized assets and liabilities in currency other than our respective functional currency and net investments in foreign operations.

We operate mainly in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of us that are denominated in the currencies other than the respective functional currencies of the our entities. We did not enter into any forward contract to hedge its exposure to foreign currency risk for the years ended 31 December 2023, 2024 and 2025.

Cash Flow Interest Rate Risk

Financial assets and liabilities with variable interest rate expose us to cash flow interest rate risk and financial assets and liabilities with fixed interest rate expose us to fair value interest rate risk.

As of December 31, 2023, 2024 and 2025, all of the our borrowings and convertible bonds bear interests at fixed interest rates, please see Note 29 and Note 30 of Appendix I for more details. Other than these borrowings and interest-bearing cash and cash equivalents, term deposit, and restricted cash, we have no other significant interest-bearing assets or liabilities. We do not anticipate there is any significant impact resulted from the changes in interest rate.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, restricted cash, trade, other receivables and deposits.

For cash and cash equivalents, term deposit, wealth management product and restricted cash, management manages the credit risk by placing deposits in state-owned financial institutions in the PRC or reputable banks, financial institutions having high-credit-quality in the PRC and Hong Kong.

For trade and other receivables and deposits, we have policies in place to ensure that sale of service is made to customers with an appropriate credit history, including the establishment of a risk control system to assess the appropriate credit terms granted. We also have other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The carrying amounts of cash and cash equivalents, term deposit, wealth management product, restricted cash, trade, other receivables and deposits represent our maximum exposure to credit risk in relation to financial assets.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of our underlying businesses, we maintain flexibility in funding by maintaining adequate cash and cash equivalents.

Please see Note 3 to the Accountant's Report in Appendix I to this document for details regarding our financial risk management.

DIVIDEND

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our Cayman Islands legal counsel, under Cayman Islands law, a Cayman Islands exempted company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us, and we do not anticipate paying any cash dividends in the foreseeable future. [**REDACTED**] should not purchase our shares with the expectation of receiving cash dividends.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses represent professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately RMB[**REDACTED**] million (assuming that the [**REDACTED**] is conducted at the indicative [**REDACTED**] per [**REDACTED**] of HK$[**REDACTED**] for both [**REDACTED**] and [**REDACTED**] and the [**REDACTED**] is not exercised). During the Track Record Period, [**REDACTED**] expenses of RMB[**REDACTED**] million were incurred and charged to our consolidated statement of comprehensive income. We expect to further recognize RMB[**REDACTED**] million as general and administrative expenses and RMB[**REDACTED**] million as a deduction in equity directly. The [**REDACTED**] expenses above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

See Unaudited Pro Forma Financial Information in Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2025, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountant's Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES

As of the Latest Practicable Date, our Directors confirmed that there are no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.