

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report set out on pages I-[1] to I-[3], received from the Company’s reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers]

[DRAFT]

ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CASSTIME HOLDINGS LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Casstime Holdings Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[4] to I-[79], which comprises the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[4] to I-[79] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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Reporting accountant’s responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant’s report, a true and fair view of the financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated financial position of the Group as at 31 December 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividends have been paid by Casstime Holdings Ltd. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant’s report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with International Standards on Auditing issued by the IAASB (“Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	685,150	742,146	929,549
Cost of revenue	7	(500,212)	(521,759)	(666,374)
Gross profit		<u>184,938</u>	<u>220,387</u>	<u>263,175</u>
Selling and marketing expenses	7	(209,406)	(213,817)	(191,564)
Administrative expenses	7	(58,319)	(52,883)	(60,779)
Research and development expenses	7	(73,666)	(73,865)	(55,921)
Net impairment losses on financial assets	3.1(b)	(1,340)	(10,564)	(8,621)
Other income	8	15,867	3,785	2,353
Other gains/(losses) – net	9	935	37	1,755
Operating losses		<u>(140,991)</u>	<u>(126,920)</u>	<u>(49,602)</u>
Finance income	11	2,939	2,847	1,612
Finance costs	11	(6,083)	(5,375)	(8,573)
Finance costs, net	11	<u>(3,144)</u>	<u>(2,528)</u>	<u>(6,961)</u>
Share of profits of investments accounted for using the equity method	18	399	172	206
Fair value changes of financial assets and financial liabilities at fair value through profit or loss – net	23, 30	(431,956)	(318,491)	(342,777)
Loss before income tax		<u>(575,692)</u>	<u>(447,767)</u>	<u>(399,134)</u>
Income tax (expenses)/credits	12	(32)	(24)	56
Loss for the year		<u>(575,724)</u>	<u>(447,791)</u>	<u>(399,078)</u>

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	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Loss for the year		<u>(575,724)</u>	<u>(447,791)</u>	<u>(399,078)</u>
Other comprehensive income/(loss), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Currency translation differences		137	(33)	42
<i>Items that will not be subsequently reclassified to profit or loss</i>				
Currency translation differences		(39,450)	(47,364)	78,876
Fair value change of convertible redeemable preference shares due to own credit risk		<u>127,001</u>	<u>(48,754)</u>	<u>(86,535)</u>
Other comprehensive (loss)/income for the year, net of tax		<u>87,688</u>	<u>(96,151)</u>	<u>(7,617)</u>
Total comprehensive loss for the year . .		<u>(488,036)</u>	<u>(543,942)</u>	<u>(406,695)</u>
Loss for the year attributable to:				
Equity holders of the Company		(575,511)	(447,626)	(398,956)
Non-controlling interests		<u>(213)</u>	<u>(165)</u>	<u>(122)</u>
		<u>(575,724)</u>	<u>(447,791)</u>	<u>(399,078)</u>
Total comprehensive loss attributable to:				
to:				
Equity holders of the Company		(487,823)	(543,777)	(406,573)
Non-controlling interests		<u>(213)</u>	<u>(165)</u>	<u>(122)</u>
		<u>(488,036)</u>	<u>(543,942)</u>	<u>(406,695)</u>
Losses per share attributable to equity holders of the Company (expressed in RMB per share)				
– Basic	13	<u>(20.53)</u>	<u>(15.97)</u>	<u>(14.23)</u>
– Diluted	13	<u>(20.53)</u>	<u>(15.97)</u>	<u>(14.23)</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	544	379	1,803
Right-of-use assets	16	11,237	3,758	9,440
Intangible assets	17	1,531	782	224
Investments accounted for using the equity method	18	7,109	7,281	7,487
Deposits	22(a)	1,104	188	671
		21,525	12,388	19,625
Current assets				
Inventories		8,558	17,127	33,239
Trade receivables	21	32,214	44,706	101,017
Prepayments and other receivables	22(b)	276,107	241,868	224,628
Financial assets at fair value through profit or loss	23	—	10,000	—
Term deposit with original maturity over three months	24	—	20,000	—
Restricted cash	24	125,988	164,547	157,905
Cash and cash equivalents	24	173,101	44,955	115,512
		615,968	543,203	632,301
Total assets		637,493	555,591	651,926
EQUITY				
Share capital	25	28	28	28
Reserves	26	367,051	275,727	271,123
Accumulated losses		(3,095,549)	(3,542,917)	(3,941,786)
Deficit attributable to owners of the Company				
		(2,728,470)	(3,267,162)	(3,670,635)
Non-controlling interests		(1,305)	(1,470)	(1,592)
Total deficit		(2,729,775)	(3,268,632)	(3,672,227)

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		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
LIABILITIES				
Non-current liabilities				
Lease liabilities	16	4,670	1,024	6,869
Borrowings	29	1,875	20,000	—
Contract liabilities	6.2	4,666	5,084	4,773
Deferred tax liabilities	19(b)	36	60	4
		11,247	26,168	11,646
Current liabilities				
Trade and other payables	28	581,156	596,641	625,188
Contract liabilities	6.2	45,432	39,458	52,099
Lease liabilities	16	7,427	2,521	2,630
Borrowings	29	115,198	137,494	180,935
Financial liabilities at fair value through profit or loss	30	2,606,808	3,021,941	3,451,655
		3,356,021	3,798,055	4,312,507
Net current liabilities		2,740,053	3,254,852	3,680,206
Total liabilities		3,367,268	3,824,223	4,324,153
Total equity and liabilities		637,493	555,591	651,926

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	<i>Note</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS				
Non-current assets				
Amounts due from subsidiaries		70,183	70,262	70,142
Investments in subsidiaries	34(a)	1,631,380	1,636,465	1,639,565
		1,701,563	1,706,727	1,709,707
Current assets				
Prepayments	34(f)	—	363	1,340
Other receivables		29,230	29,920	29,374
Cash and cash equivalents	34(b)	132	39	37
		29,362	30,322	30,751
Total assets		1,730,925	1,737,049	1,740,458
EQUITY				
Share capital	25	28	28	28
Reserves	34(d)	376,576	285,543	280,984
Accumulated losses	34(d)	(1,252,487)	(1,570,826)	(1,917,698)
Total equity/(deficit)		(875,883)	(1,285,255)	(1,636,686)
LIABILITIES				
Current liabilities				
Trade and other payables	34(e)	—	363	9,285
Borrowings	34(g)	—	—	853
Financial liabilities at fair value through profit or loss	34(c)	2,606,808	3,021,941	3,367,006
Total liabilities		2,606,808	3,022,304	3,377,144
Total equity and liabilities		1,730,925	1,737,049	1,740,458

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company			Non-controlling interests	Total
		Share capital	Other reserves	Accumulated losses		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		28	260,056	(2,519,888)	(1,092)	(2,260,896)
Loss for the year		–	–	(575,511)	(213)	(575,724)
Other comprehensive income						
Currency translation differences	26	–	(39,313)	–	–	(39,313)
Fair value change on convertible redeemable preference shares due to own credit risk	30(a)	–	127,001	–	–	127,001
Total comprehensive loss		–	87,688	(575,511)	(213)	(488,036)
Transaction with owners						
Employee share schemes						
– value of employee services	27	–	19,157	–	–	19,157
Profit appropriations to general risk reserves		–	150	(150)	–	–
		–	19,307	(150)	–	19,157
Balance at 31 December 2023		28	367,051	(3,095,549)	(1,305)	(2,729,775)
Balance at 1 January 2024		28	367,051	(3,095,549)	(1,305)	(2,729,775)
Loss for the year		–	–	(447,626)	(165)	(447,791)
Other comprehensive income						
Currency translation differences	26	–	(47,397)	–	–	(47,397)
Fair value change on convertible redeemable preference shares due to own credit risk	30(a)	–	(48,754)	–	–	(48,754)
Total comprehensive loss		–	(96,151)	(447,626)	(165)	(543,942)

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	Note	Attributable to equity holders of the Company			Non-controlling interests	Total
		Share capital	Other reserves	Accumulated losses		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Transaction with owners						
Employee share schemes						
– value of employee services	27	–	5,085	–	–	5,085
Profit appropriations to general risk reserves		–	(258)	258	–	–
		–	4,827	258	–	5,085
Balance at 31 December 2024 .		28	275,727	(3,542,917)	(1,470)	(3,268,632)
Balance at 1 January 2025		28	275,727	(3,542,917)	(1,470)	(3,268,632)
Loss for the period . .		–	–	(398,956)	(122)	(399,078)
Other comprehensive income						
Currency translation differences	26	–	78,918	–	–	78,918
Fair value change on convertible redeemable preference shares due to own credit risk	30(a)	–	(86,535)	–	–	(86,535)
Total comprehensive loss		–	(7,617)	(398,956)	(122)	(406,695)
Transaction with owners						
Employee share schemes						
– value of employee services	27	–	3,100	–	–	3,100
Profit appropriations to general risk reserves		–	(87)	87	–	–
		–	3,013	87	–	3,100
Balance at 31 December 2025 . . .		28	271,123	(3,941,786)	(1,592)	(3,672,227)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities				
Cash used in operations	31(a)	(69,726)	(168,587)	(52,783)
Interest received	11	2,939	2,847	1,612
Net cash used in operating activities . . .		<u>(66,787)</u>	<u>(165,740)</u>	<u>(51,171)</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	15	(66)	(71)	(1,617)
Purchase of intangible assets	17	(397)	–	–
Purchase of wealth management products .		–	(10,000)	(66,070)
Proceeds from disposal of property, plant and equipment		67	43	13
Purchase of term deposit with original maturity over three months		–	(20,000)	–
Disposal of term deposit with original maturity over three months		–	–	20,000
Disposal of wealth management products .		50	–	76,123
Net cash from disposal of subsidiary		<u>–</u>	<u>–</u>	<u>(134)</u>
Net cash (used in)/generated from investing activities		<u>(346)</u>	<u>(30,028)</u>	<u>28,315</u>
Cash flows from financing activities				
Proceeds from issuance of redeemable convertible preferred shares	30(a)	171,500	–	–
Proceeds from issuance of convertible shares of subsidiaries	30(c)(ii)	–	–	10,000
Proceeds from issuance of convertible bonds	30(b)	41,500	–	70,000
Repayments of convertible bonds	30(b)	(86,500)	–	–
Proceeds from borrowings	31(c)	272,733	235,291	230,536
Repayments of borrowings	31(c)	(261,375)	(194,870)	(207,095)
Advance from a non-controlling shareholder of a subsidiary	30(c)(ii)	–	40,000	43,200
Repayment to a non-controlling shareholder of a subsidiary	30(c)(ii)	–	–	(40,010)
Payment of lease liabilities	16(c)	(7,743)	(7,932)	(4,100)

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	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest paid	<i>11</i>	(5,286)	(4,877)	(8,160)
Payment of [REDACTED] expense		—	—	(771)
Net cash generated from financing activities		<u>124,829</u>	<u>67,612</u>	<u>93,600</u>
Net increase/(decrease) in cash and cash equivalents		<u>57,696</u>	<u>(128,156)</u>	<u>70,744</u>
Cash and cash equivalents at beginning of year		114,455	173,101	44,955
Effects of exchange rate changes on cash and cash equivalents		<u>950</u>	<u>10</u>	<u>(187)</u>
Cash and cash equivalents at end of year		<u><u>173,101</u></u>	<u><u>44,955</u></u>	<u><u>115,512</u></u>

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II. NOTES TO HISTORICAL FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 General information

Casstime Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 20 August 2018, as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including the structured entities defined in Note 1.2 (collectively, the “Group”), are principally engaged in the following businesses, mainly conducted in the People’s Republic of China (the “PRC”): (i) the sale of auto parts to auto parts distributors; (ii) the provision of a one-stop parts trading platform service to auto parts distributors and automotive service workshops; and (iii) other value-added services (collectively, the “[REDACTED] Business”).

1.2 History and reorganization of the Group

In preparation for the Group’s [REDACTED] on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganization (the “Reorganization”).

The Reorganization involved the following principal steps:

(i) *Incorporation of the Company*

The Company was incorporated in the Cayman Islands with limited liability on 20 August 2018 to act as the holding company of the Group.

(ii) *Entering into the Contractual Arrangements*

On 27 September 2019, the Company’s indirectly wholly-owned subsidiary, Casstime Technology (Shenzhen) Company Limited (“Casstime WFOE”), entered into a series of contractual agreements (the “Contractual Arrangements”) with Shenzhen Casstime Technology Company Limited (“Shenzhen Casstime”) and its shareholders.

Upon entering into the Contractual Arrangements, the Company became the ultimate holding company of the Group for being allowed to, among other things: (i) exercise effective control over the operation of Shenzhen Casstime and its subsidiaries; (ii) exercise all the then shareholders’ voting rights in Shenzhen Casstime; (iii) receive all the economic benefits generated by Shenzhen Casstime; and (iv) hold an irrevocable and exclusive option to acquire all or part of the equity interests of Shenzhen Casstime from the shareholders of Shenzhen Casstime when and to the extent permitted by the PRC laws.

The management works closely with executive directors, external legal advisers and other professional advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

(iii) *Termination of the Contractual Arrangements*

On 14 May 2025, Casstime WFOE has obtained the “Approval for Pilot Operation of Value-added Telecommunications Business (Information Service Business (Internet Information Services Only)) (the “Foreign ICP Pilot Approval”) and the “Value-added Telecommunications Business License” (Online Data Processing and Transaction Processing Business (E-commerce Only)) issued by the Ministry of Industry and Information Technology of the People’s Republic of China.

On 28 January 2026, Casstime WFOE entered into an equity transfer agreement with all shareholders of Shenzhen Casstime, pursuant to which each shareholder transferred all its equity interest in Shenzhen Casstime to Casstime WFOE. On the same day, Casstime WFOE also entered into a termination agreement with Shenzhen Casstime and all shareholders of Shenzhen Casstime, pursuant to which all rights, obligations and responsibilities under the Contractual Arrangements were immediately terminated.

As a result, Shenzhen Casstime became a wholly-owned subsidiary of Casstime WFOE.

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The Reorganization was completed on the 28 January 2026.

Particulars of the principal subsidiaries (including structured entities) of the Group as at the date of this report and as at 31 December 2023, 2024 and 2025 and as at the date of report are set out below:

Company Name	Place and date of incorporation/ establishment	Principal activities and place of operation	Issued and paid-in capital/ registered capital	Equity/beneficial interest held			Equity/ beneficial interest held as at the date of report	Notes
				as at 31 December				
				2023	2024	2025		
				%	%	%		
Directly interest								
Casstime (HK) Holdings Limited	Hong Kong/ 28 August 2018	Investment holding/ Hong Kong	HKD1/HKD1	100%	100%	100%	100%	(b)
CASSTIME (HK) TECHNOLOGY LIMITED	Hong Kong/ 09 January 2023	Investment holding/ Hong Kong	HKD1/HKD1	100%	100%	100%	100%	(b)
CASSTAR HOLDINGS LIMITED	Cayman Islands/ 24 June 2024	Investment holding/ Cayman Islands	Nil/USD50,000	NA	100%	100%	100%	(a)
Indirectly interest								
Wealth & Wisdom Holdings Limited	British Virgin Islands/ 04 December 2018	Investment holding/ British Virgin Islands	Nil/USD50,000	100%	100%	100%	100%	(a)/(d)
Casstime WFOE 開思時代(深圳)科技有限公司	PRC/11 September 2019	Technology services/ the PRC	USD180,517,428/ USD190,000,000	100%	100%	100%	100%	(c)(i)/(d)
Shenzhen Casstime* 深圳開思時代科技有限公司	PRC/20 May 2015	Technology services/ the PRC	RMB8,173,050/ RMB8,173,050	100%	100%	100%	100%	(c)(i)
Hunan Casstime Technology Co., Ltd.* 湖南開思時代科技有限公司	PRC/06 November 2019	Retail and wholesale commerce businesses/ the PRC	RMB40,000,000/ RMB40,000,000	100%	100%	100%	100%	(c)(iv)
Guangzhou Kaifu Information Technology Co., Ltd.* 廣州市開富資訊科技有限責任公司 (“Guangzhou Kaifu”)	PRC/23 September 2016	Retail and wholesale commerce businesses/ the PRC	RMB100,000,000/ RMB100,000,000	100%	94.99%	–	–	(c)(iii)
Shenzhen Cass Information Technology Co., Ltd.* 深圳開思資訊技術有限公司 (“Cass Information”)	PRC/28 March 2018	Sales of SaaS products and valued-added services/the PRC	RMB47,500,000/ RMB47,500,000	100%	100%	100%	100%	(c)(i)
Shenzhen Xiaoshi Kuaishou Logistics Co., Ltd.* 深圳小獅快送物流有限公司	PRC/12 April 2018	Logistics services business/the PRC	RMB15,000,000/ RMB15,000,000	100%	100%	100%	100%	(c)(iv)

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Company Name	Place and date of incorporation/ establishment	Principal activities and place of operation	Issued and paid-in capital/ registered capital	Equity/beneficial interest held			Equity/ beneficial interest held as at the date of report	Notes
				as at 31 December				
				2023	2024	2025		
				%	%	%		
Zhongheng Ruicheng (Shenzhen) Commercial Factoring Co., Ltd.* 中恒睿誠(深圳)商業保理有限公司	PRC/24 January 2018	Fintech service/ the PRC	RMB5,000,000/ RMB5,000,000	100%	100%	100%	100%	(c)(i)
Shenzhen Yiwei World Technology Co., Ltd.* 深圳市易維世界科技有限公司	PRC/07 May 2015	Sales of SaaS products and valued-added services/the PRC	RMB3,000,000/ RMB3,000,000	100%	100%	100%	100%	(a)
Beijing Casstime Technology Co., Ltd.* 北京開思時代科技有限公司	PRC/22 September 2020	Retail and wholesale commerce businesses/ the PRC	RMB500,000/ RMB10,000,000	100%	100%	100%	100%	(a)
Cass Investment Management (Zhangjiagang) Co., Ltd.* 開思投資管理(張家港)有限公司	PRC/16 October 2020	Investment holding/ the PRC	USD41,202,569/ USD45,000,000	100%	100%	100%	100%	(a)
Shanghai Cass Network Technology Co., Ltd.* 上海開思網絡科技有限公司	PRC/20 October 2020	Retail and wholesale commerce businesses/ the PRC	RMB500,000/ RMB10,000,000	100%	100%	100%	100%	(c)(iv)
Zhangjiagang Cass Technology Co., Ltd.* 張家港開思科技有限公司	PRC/23 November 2020	Retail and wholesale commerce businesses/ the PRC	RMB268,200,000/ RMB300,000,000	100%	100%	100%	100%	(a)
Shenzhen Xiaoshi Express Technology Co., Ltd.* 深圳小獅快送科技有限公司	PRC/22 December 2020	Logistics services business/the PRC	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	(c)(iv)
Shanghai Kasong Information Technology Co., Ltd.* 上海卡頌資訊技術有限公司	PRC/23 November 2020	Retail and wholesale commerce businesses/ the PRC	Nil/RMB500,000	70.96%	70.96%	70.96%	70.96%	(a)
Guangzhou Xiaoshi Kuaishou Logistics Co., Ltd.* 廣州小獅快送物流有限公司	PRC/24 March 2021	Logistics services business/the PRC	Nil/RMB20,000,000	87%	87%	87%	87%	(a)
Longyan Cass Information Technology Co., Ltd.* 龍巖開思資訊科技有限公司	PRC/20 January 2022	Retail and wholesale commerce businesses/ the PRC	Nil/RMB1,000,000	100%	100%	100%	100%	(a)

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Company Name	Place and date of incorporation/ establishment	Principal activities and place of operation	Issued and paid-in capital/ registered capital	Equity/beneficial interest held			Equity/ beneficial interest held as at the date of report	Notes
				as at 31 December				
				2023	2024	2025		
				%	%	%		
Casstime Technology (Hefei) Co., Ltd.* 開思時代科技(合肥)有限公司 . . .	PRC/24 June 2022	Retail and wholesale commerce businesses/ the PRC	Nil/USD16,000,000	100%	100%	100%	100%	(c)(v)
Casstime Technology (Anhui) Co., Ltd.* 開思時代科技(安徽)有限公司 . . .	PRC/12 June 2023	Retail and wholesale commerce businesses/ the PRC	USD6,835,691/ USD10,000,000	100%	100%	100%	100%	(c)(ii)
Casstime (Hubei) Technology Co., Ltd.* 開思時代(湖北)科技有限公司 .	PRC/19 July 2023	Retail and wholesale commerce businesses/ the PRC	RMB100,000/ RMB30,000,000	100%	100%	100%	100%	(a)
Fujian Casstime Technology Co., Ltd.* 福建開思時代科技有限公司 .	PRC/16 August 2023	Retail and wholesale commerce businesses/ the PRC	Nil/RMB10,000,000	100%	100%	100%	100%	(a)
Shenzhen Kaishida Technology Co., Ltd.* 深圳開世達科技有限公司 . . .	PRC/27 March 2024	Retail and wholesale commerce businesses/ the PRC	RMB49,620,000/ RMB60,000,000	NA	100%	100%	100%	(c)(vi)
Suzhou Cass Network Technology Co., Ltd.* 蘇州開思網絡科技有限公司 .	PRC/18 November 2024	Retail and wholesale commerce businesses/ the PRC	Nil/RMB30,000,000	NA	100%	100%	100%	(a)
CasStar Zhangjiagang Co., Ltd.* 開星時代科技(張家港)有限公司	PRC/22 November 2024	Retail and wholesale commerce businesses/ the PRC	RMB19,831,620/ RMB60,000,000	NA	100%	100%	100%	(a)
SINGAPORE CASSTAR PTE.LTD	Singapore/25 July 2022	Investment holding/ Singapore	Nil/SGD50,000	100%	100%	100%	100%	(a)
CasStar (HK) Holdings Limited .	Hong Kong/ 02 September 2024	Investment holding/ Hong Kong	Nil/HKD1	NA	100%	100%	100%	(b)
CasStar Technologies Inc	United States of America/ 19 September 2024	Investment holding/ United States of America	Nil/USD100	NA	100%	100%	100%	(a)
Shenzhen Kaibao Network Technology Co., Ltd.* 深圳開寶網絡科技有限公司 .	PRC/07 July 2025	Retail and wholesale commerce businesses/ the PRC	Nil/RMB10,000,000	NA	NA	100%	100%	(a)

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- (a) No statutory audited financial statements were issued for these companies as there is no statutory requirement in their places of incorporation.
- (b) The statutory audited financial statements were yet to be issued for these companies.
- (c) The statutory auditors of these companies for the Track Record Period were as follows:
- (i) The statutory financial statements for the years ended 31 December 2023, 2024 and 2025 were audited by Shenzhen Zhengxian Certified Public Accountants.
 - (ii) The statutory financial statements for the year ended 31 December 2024 and 2025 were audited by Huajian Certified Public Accountants (Shenzhen) Co., Ltd.. The statutory financial statements for the year ended 31 December 2023 were audited by Shenzhen Jingying Certified Public Accountants.
 - (iii) The statutory financial statements for the year ended 31 December 2024 were audited by Huajian Certified Public Accountants (Shenzhen) Co., Ltd.. The statutory financial statements for the year ended 31 December 2023 were audited by Shenzhen Jingying Certified Public Accountants.
 - (iv) The statutory financial statements for the year ended 31 December 2023 were audited by Shenzhen Zhengxian Certified Public Accountants.
 - (v) The statutory financial statements for the year ended 31 December 2023 were audited by Shenzhen Jingying Certified Public Accountants.
 - (vi) The statutory financial statements for the year ended 31 December 2025 were audited by Shenzhen Zhengxian Certified Public Accountants.
- (d) These entities are the structured entities of the Group.
- * The English names of companies established in the PRC represent the best effort made by the directors of the Company in translating their Chinese name as they do not have official English names.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of Historical Financial Information are in accordance with IFRS Accounting Standards (“IFRS”) and the requirements of the Hong Kong Companies Ordinance Cap.622. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards.
- IAS Standards.
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The Historical Financial Information has 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 IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policies applied in the preparation of the Historical Financial Information have been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 37 to this Historical Financial Information.

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2.1 Control over subsidiaries arising from contractual agreements

As described in Note 1.2, Casstime WFOE has entered into the contractual arrangements with Shenzhen Casstime and its registered shareholders which enable Casstime WFOE and the Group to:

- Exercise effective control over Shenzhen Casstime;
- Exercise equity holders’ voting rights of Shenzhen Casstime;
- Receive substantially all of the economic interests and returns generated by the PRC Operating Entities in consideration for technical support, consulting and other services provided exclusively by Casstime WFOE, at Casstime WFOE’s discretion;
- Obtain an irrevocable and exclusive right to purchase all equity interests in Shenzhen Casstime from its registered shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered shareholders of Shenzhen Casstime shall return the amount of purchase consideration they have received to Casstime WFOE. At Casstime WFOE’s request, the registered shareholders of Shenzhen Casstime will promptly and unconditionally transfer their respective equity interests in Shenzhen Casstime to Casstime WFOE (or its designee within the Group) after Casstime WFOE exercises its purchase right.
- Obtain pledges over the entire equity interests in Shenzhen Casstime from its registered shareholders to secure, among others, performance of their obligations under the contractual arrangements.

The Group does not have any equity interest in the Structured Entities (“Casstime WFOE”) before 30 January 2026. However, as a result of the contractual arrangements, the Group has rights to variable returns from its involvement with the Structured Entities and has the ability to affect those returns through its power over the Structured Entities and is considered to control the Structured Entities. Consequently, the Group consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group during the Track Record Period.

2.2 Going concern

During the year ended 31 December 2025, the Group reported a net loss of approximately RMB399,078,000 and net cash used in operating activities of approximately RMB51,171,000. The net loss and operating cash outflows were primarily due to the Group’s ongoing investments in sales, marketing and research and development to grow its operational scale and strengthen its market position, as well as losses of approximately RMB337,648,000 from fair value changes of redeemable convertible preferred shares which were classified as financial liabilities at fair value through profit or loss.

As at 31 December 2025, the Group’s current liabilities (exceeded its current assets by approximately RMB3,680,206,000 mainly attributable to redeemable convertible preferred shares amounting to approximately RMB3,358,183,000) and the deficit on the Group’s total equity amounted to approximately RMB3,672,227,000.

The management of the Company have prepared a cash flow forecast covering no less than twelve months from the date of these financial statements. The directors of the Company have reviewed the forecast and have carefully considered the future liquidity, the operating performance and the available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from 31 December 2025, taking into consideration the following plans and measures.

1. In March 2026, the Company entered into supplement agreements with the shareholders of the redeemable convertible preferred shares as detailed in Note 30 to terminate certain of their preferred rights. Pursuant to the supplement agreements, the financial liabilities at fair value through profit or loss under the Group’s current liabilities amounting to approximately RMB3,358,183,000 as of 31 December 2025 will be derecognized with credit to share capital and share premium;
2. As of 31 December 2025, the Group had unutilized bank facilities of approximately RMB59,140,000. Subsequent to the year ended 31 December 2025, the Group has obtained additional bank facilities of approximately RMB260,000,000. The unutilized bank facilities can be drawn down subject to banks’

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approval and certain financial or operational conditions including but not limited to major business, or a decline in creditworthiness. The directors are confident that the Company will meet such conditions in the next twelve months from 31 December, 2025 and hence the directors of the Group are confident that these banking facilities will be able to draw down as and when needed;

3. The directors of the Company considered that the Group will be able to refinance existing banking facilities upon their expiry, as and when needed, based on past experience and their communication with the banks. The Group will also seek new bank borrowings at cost acceptable to the Group; and
4. Management will continue to implement a diversified business strategy to capture market opportunities for revenue growth in CassChoice and CassMall which expects to have positive impact on operational cash flow in the twelve months following 31 December 2025.

The directors of the Company, after making inquiries and considering the basis of management’s projection described above, believe that there will be sufficient financial resources for the Group to continue its operations and to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2025. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

2.3 New and amended standards and interpretations adopted by the Group

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning from 1 January 2025 are consistently applied by the Group for the Track Record Period.

2.4 New standards, amendments and interpretations to existing standards not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective on 1 January 2025 and not been early adopted by the Group as of the Track Record Period are as follows:

		Effective for annual periods beginning on or after
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	01 January 2026
Amendment to IFRS Accounting Standards	Annual improvements to IFRS Accounting Standards-Volume 11	01 January 2026
Amendment to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	01 January 2026
Amendment to IAS 21	Translation to a Hyperinflationary Presentation Currency	01 January 2027
IFRS 18	Presentation and Disclosure in Financial Statements	01 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures’ and amendment	01 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for new IFRS 18 mentioned below, the Group is commencing an assessment of the impact of these new or amended standards and interpretations, certain of which are relevant to the Group’s operations. According to the preliminary assessment made by the Group, no material impact on the financial performance and position of the Group in the current or future reporting period and on foreseeable future transactions is expected when they become effective.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows are also made. IFRS 18 will be effective for annual periods beginning on or after 1

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January 2027, with early application permitted. The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements, and is not expected to have significant impact on the financial performance and position of the Group.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

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

The Group operates 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 the Group that are denominated in the currencies other than the respective functional currencies of the Group’s entities. The Group 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.

(ii) Cash flow interest rate risk

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

As at 31 December 2023, 2024 and 2025, all of the Group’s borrowings and convertible bonds bear interests at fixed interest rates (Note 29 and Note 30). Other than these borrowings and interest-bearing cash and cash equivalents, term deposit, and restricted cash, the Group has no other significant interest-bearing assets or liabilities. The Group does not anticipate there is any significant impact resulted from the changes in interest rate.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, term deposit, wealth management product, restricted cash, trade other receivables and deposits.

(i) Risk management

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, Hong Kong and Cayman Island.

For trade and other receivables and deposits, the Group has 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. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews 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 the Group’s maximum exposure to credit risk in relation to financial assets.

(ii) Impairment of financial assets

While cash and cash equivalents, term deposit, and restricted cash, are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the number of days the balances are past due. The directors of the Company considered their short aging and assessed that the credit risk is not significant. The Group also made individual assessment on the recoverability of its trade receivables at amortized cost for certain customer based on historical settlement record.

The historical loss rates are determined by reference to the credit rating analysis of respective customers and external data or based on the payment profiles of sales over a period before the respective period ends and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, including Total Retail Sales of Consumer goods and the Gross Domestic Product (“GDP”) of the countries in which it sells its goods and services and accordingly adjusts the historical loss rates based on expected changes in these factors.

Set out below is the information about credit risk exposure on the Group’s trade receivables:

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 1 year past due	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023						
On collective basis						
Expected loss rate . . .	1.37%	17.18%	47.10%	87.50%	100.00%	16.97%
Gross carrying amount .	22,952	10,660	1,412	16	3,759	38,799
Loss allowance provision	316	1,831	665	14	3,759	6,585
As at 31 December 2024						
On collective basis						
Expected loss rate . . .	1.02%	13.91%	40.00%	78.64%	100.00%	24.65%
Gross carrying amount .	39,227	1,804	3,865	9,411	5,024	59,331
Loss allowance provision	403	251	1,546	7,401	5,024	14,625
As at 31 December 2025						
On collective basis						
Expected loss rate . . .	1.82%	19.75%	54.65%	98.02%	100.00%	9.98%
Gross carrying amount .	79,056	27,956	2,031	2,273	900	112,216
Loss allowance provision	1,439	5,522	1,110	2,228	900	11,199

The loss allowances for trade receivables as at 31 December 2023, 2024 and 2025, reconcile to the opening loss allowances as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	4,832	6,585	14,625
Provision for impairment	1,758	8,052	1,881
Write off and disposal	(5)	(12)	(5,307)
At the end of the year	<u>6,585</u>	<u>14,625</u>	<u>11,199</u>

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Impairment of other receivables and deposits

Other receivables and deposits are subject to the ECL model. The Group’s other receivables and deposits mainly comprise: receivable from automotive service workshops, loan receivables, staff advances, rental and other deposits. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third-party debtor’s ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party debtor;
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

The Group accounts for credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of other receivables and deposits, and adjusts for forward looking macroeconomic data.

The Group uses the ECL model to determine the expected loss provision for deposits and other receivables. A summary of the assumptions underpinning the Group’s ECL model is as follows:

Category	Group definition of category		Basis for recognition of ECL provision
	Loan receivables	Other receivables	
Stage 1	Customers have a low risk of default and a strong capacity to meet contractual cash flows		12-month ECL, where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are past due	Other receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due or adverse changes in solvency and operational capabilities	Lifetime ECL
Stage 3	Interest and/or principal repayments are 90 days past due or it becomes probable a customer lose solvency	Interest and/or principal repayments are 365 days past due or it becomes probable a customer will enter bankruptcy	Lifetime ECL

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Category	Group definition of category		Basis for recognition of ECL provision
	Loan receivables	Other receivables	
Write-off . . .	Interest and/or principal repayments are 180 days past due or there is no reasonable expectation of recovery	There is no reasonable expectation of recovery	Assets are written off

During the Track Record Period, the Group provided for credit losses against other receivables and deposits as follows:

As at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross carrying amount				
Receivables from CassMall				
platform service	173,738	9,174	54,168	237,080
Deposits	3,531	–	–	3,531
Others	51,607	–	–	51,607
	<u>228,876</u>	<u>9,174</u>	<u>54,168</u>	<u>292,218</u>
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss allowance				
Receivables from CassMall				
platform service	2,729	4,327	54,168	61,224
Deposits	41	–	–	41
Others	810	–	–	810
	<u>3,580</u>	<u>4,327</u>	<u>54,168</u>	<u>62,075</u>
Expected credit loss rate . . .	<u>1.56%</u>	<u>47.17%</u>	<u>100.00%</u>	<u>21.24%</u>

During the Track Record Period, the Group provided for credit losses against other receivables and deposits as follows:

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross carrying amount				
Receivables from CassMall				
platform service	152,078	11,194	59,414	222,686
Deposits	2,945	–	–	2,945
Others	52,370	–	–	52,370
	<u>207,393</u>	<u>11,194</u>	<u>59,414</u>	<u>278,001</u>

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	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Loss allowance				
Receivables from CassMall				
platform service	1,802	2,854	59,414	64,070
Deposits	27	–	–	27
Others	490	–	–	490
	<u>2,319</u>	<u>2,854</u>	<u>59,414</u>	<u>64,587</u>
Expected credit loss rate . .	<u>1.12%</u>	<u>25.50%</u>	<u>100.00%</u>	<u>23.23%</u>

As at 31 December 2025	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Gross carrying amount				
Receivables from CassMall				
platform service	103,993	45,158	57,446	206,597
Deposits	1,866	–	–	1,866
Others	51,138	–	–	51,138
	<u>156,997</u>	<u>45,158</u>	<u>57,446</u>	<u>259,601</u>

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Loss allowance				
Receivables from CassMall				
platform service	1,632	10,680	57,446	69,758
Deposits	31	–	–	31
Others	408	–	–	408
	<u>2,071</u>	<u>10,680</u>	<u>57,446</u>	<u>70,197</u>
Expected credit loss rate . .	<u>1.32%</u>	<u>23.65%</u>	<u>100.00%</u>	<u>27.04%</u>

Movement on the provision for impairment of other receivables and deposits are set out as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	62,528	62,075	64,587
Provision for impairment	(418)	2,512	6,740
Write off and disposal	(35)	–	(1,130)
At the end of the year	<u>62,075</u>	<u>64,587</u>	<u>70,197</u>

During the Track Record Period, the provision/reversal of loss allowances were recognized in profit or loss in “Net impairment losses on financial assets” in relation to the impaired financial asset.

Financial assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery amongst others, include the failure of a debtor to engage in a repayment plan with the Group.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

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The table below analyses the Group’s financial liabilities into relevant maturity grouping, based on the remaining period at the end of each reporting period as compared to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023				
Trade payables	25,859	–	–	25,859
Other payables and accruals (excluding employee benefit accruals and other taxes payables)	518,432	–	–	518,432
Lease liabilities	7,587	4,617	164	12,368
Borrowings and interest payment . .	118,034	1,913	–	119,947
	<u>669,912</u>	<u>6,530</u>	<u>164</u>	<u>676,606</u>
As at 31 December 2024				
Trade payables	36,374	–	–	36,374
Other payables and accruals (excluding employee benefit accruals and other taxes payables)	506,498	–	–	506,498
Lease liabilities	2,655	690	381	3,726
Borrowings and interest payment . .	142,590	21,191	–	163,781
	<u>688,117</u>	<u>21,881</u>	<u>381</u>	<u>710,379</u>
As at 31 December 2025				
Trade payables	64,532	–	–	64,532
Other payables and accruals (excluding employee benefit accruals and other taxes payables)	505,016	–	–	505,016
Lease liabilities	3,015	2,509	4,841	10,365
Borrowings and interest payment . .	183,870	–	–	183,870
	<u>756,433</u>	<u>2,509</u>	<u>4,841</u>	<u>763,783</u>

3.2 Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment, issue new shares and new debt as well as obtain financial support from its shareholders as and when necessary.

3.3 Fair value estimation

The table below analyses the Group’s financial instruments carried at fair value as at 31 December 2023, 2024 and 2025 by level of inputs adopted in the valuation techniques used for measuring fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

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- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group’s assets and liabilities that are measured at fair value as at 31 December 2023.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities				
Redeemable convertible preferred				
shares (<i>Note 30(a)</i>)	–	–	2,601,697	2,601,697
Others (<i>Note 30(c)</i>)	–	–	5,111	5,111
	–	–	2,606,808	2,606,808
	–	–		

The following table presents the Group’s assets and liabilities that are measured at fair value as at 31 December 2024.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Financial assets through profit or				
loss (<i>Note 23</i>)	–	10,000	–	10,000
	–			
Liabilities				
Redeemable convertible preferred				
shares (<i>Note 30(a)</i>)	–	–	3,013,455	3,013,455
Others (<i>Note 30(c)</i>)	–	–	8,486	8,486
	–	–	3,021,941	3,021,941
	–	–		

The following table presents the Group’s assets and liabilities that are measured at fair value as at 31 December 2025.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities				
Redeemable convertible preferred				
shares (<i>Note 30(a)</i>)	–	–	3,358,183	3,358,183
Convertible bonds (<i>Note 30(b)</i>)	–	–	74,649	74,649
Others (<i>Note 30(c)</i>)	–	–	18,823	18,823
	–	–	3,451,655	3,451,655
	–	–		

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

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There was no transfer of fair value hierarchy levels for the years ended 31 December 2023, 2024 and 2025.

There were no changes to valuation techniques for the years ended 31 December 2023, 2024 and 2025.

Specific valuation techniques used to value financial instruments include:

- Dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

During the years ended 31 December 2023, 2024 and 2025, there was no transfer between level 1 and 2 for recurring fair value measurements. The significant unobservable inputs used to determine the fair value and the fair value changes in level 3 financial instruments during the Track Record Period are presented in Notes 30.

4 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.

Management of the Group 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 addressed below:

(a) Current income taxes and deferred income taxes

The Group is 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. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s 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). 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.

(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.

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5 SEGMENT INFORMATION

The Group’s business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker (“CODM”). The Group’s CODM has been identified as the CEO of the Company, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. As a result of this evaluation, the CEO consider that the Group’s operations are operated and managed as a single segment; accordingly, no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group’s non-current assets and revenues are substantially located in and derived from the PRC, therefore, no geographical segments are presented.

6 REVENUE

6.1 An analysis of the Group’s revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CassChoice	479,955	511,105	658,268
CassMall	167,976	188,500	214,898
Value-added services	37,219	42,541	56,383
	<u>685,150</u>	<u>742,146</u>	<u>929,549</u>

Based on contracts under IFRS 15, revenue of approximately RMB665,278,000, RMB715,203,000, and RMB901,387,000 were recognised at a point in time, and revenue of approximately RMB11,619,000, RMB13,065,000, and RMB12,510,000 were recognised at a point over time, for the years ended 31 December 2023, 2024 and 2025, respectively. The remaining miscellaneous revenue were recognised under other applicable IFRS.

For the years ended 31 December 2023, 2024 and 2025, there is no single customer who accounted for more than 10% of the total revenue.

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6.2 Contract liabilities

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)			
Current				
– advance on sales of auto parts . . .	56,739	25,466	15,973	35,522
– advance on provision of intelligent automotive service workshop management system (a)	8,822	7,849	8,228	8,356
– advance on others (b)	9,355	12,117	15,257	8,221
	<u>74,916</u>	<u>45,432</u>	<u>39,458</u>	<u>52,099</u>
Non-current				
– advance on provision of intelligent automotive service workshop management system (a)	3,968	4,666	5,084	4,773
	<u>3,968</u>	<u>4,666</u>	<u>5,084</u>	<u>4,773</u>

- (a) The Group receives the payment for provision of intelligent automotive service workshop management system in advance, which are recognized as revenue based on the accounting policy set out in Note 6.3.
- (b) The Group charges auto parts distributors upfront fees for their future use of the Group’s trading platform. The Group initially records entry fees as a contract liability and then recognizes it as revenue based on the expected transaction on the platform. The estimated average service relationship period is within 1 year.
- (c) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized during the Track Record Period relates to carried-forward contract liabilities.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognized in relation to contract liabilities that was included in the contract liabilities balance at the beginning of the year			
– advance on sales of auto parts	56,739	25,466	15,973
– advance on provision of intelligent automotive service workshop management system (a)	8,822	7,849	8,228
– advance on others	9,355	12,117	15,257
	<u>74,916</u>	<u>45,432</u>	<u>39,458</u>

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(d) Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from long-term contracts arising from the sales of intelligent automotive service workshop management system:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to long-term services contracts that are partially or fully unsatisfied as at the end of year			
– advance on provision of intelligent automotive service workshop management system (a)	12,515	13,312	13,129

Management expects that unsatisfied performance obligations of approximately RMB7,849,000, RMB8,228,000 and RMB8,356,000 as at December 31, 2023, 2024 and 2025, respectively will be recognized as revenue within 1 year and the remaining amount of approximately RMB4,666,000, RMB5,084,000 and RMB4,773,000 will be recognized as revenue in the following 2 to 5 years.

(e) As at 31 December 2023, 2024 and 2025, except for the contract described in Note 6.2(d), other performance obligations not yet satisfied by the Group were from contracts with original expected duration of one year or less. Therefore, as permitted by the relevant practical expedient under IFRS 15, the transaction price allocated to these unsatisfied performance obligations were not disclosed.

6.3 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 the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has 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.

The Group recognizes 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, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines 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, the Group presents 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.

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A contract asset is the Group’s right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has 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 the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due from the customer).

The accounting policy for the Group’s revenue sources

The Group principally derives revenue from (i) CassMall, (ii) CassChoice and (iii) value-added services.

(i) CassMall

(a) one-stop parts trading platform

The Group operates 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, the Group charges 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.

The Group acts as an agent in providing e-commerce services to auto parts distributors. This assessment is supported by the fact that the Group (1) is not the primary obligor in the arrangement; (2) has no discretion in setting the selling prices of auto parts distributors products or services; (3) does not bear inventory risks; and (4) is 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). The Group evaluates the nature of the incentives and determines whether it is acting on behalf of its 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

The Group provides flexible supply chain solution service to auto parts distributors by fulfilling order placement for auto parts that are sourced and distributed by the Group. Leveraging transactions data continuously collected from CassMall, the Group carries 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.

The Group acts as the principal in these transactions, as it is primarily responsible for fulfilling orders by sourcing and delivering auto parts to customers. It has full discretion in price-setting, selection of auto parts, and bears inventory risk before control is transferred to the customer. The Group also maintains control over the auto parts prior to their delivery. Revenue from these sales is recognized on a gross basis.

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(iii) Value-added Services

(a) Online marketing services

The Group provides various online marketing services primarily to auto parts distributors on its 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 the Group acts 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

The Group provides 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 the Group 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.

7 EXPENSES BY NATURE

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of auto parts sold	466,980	485,755	630,478
Employee benefit expenses			
(Note 10(a))	275,042	276,000	239,860
Promotion, advertising and transacting user incentives	15,335	20,885	18,622
Office expenses	9,276	9,485	9,798
Payment processing fees	9,082	9,289	9,290
Cloud, bandwidth and server custody fees	11,447	11,089	8,926
Outsourcing service fees	11,243	7,373	8,298
Depreciation of right-of-use assets (Note 16(b))	6,623	6,821	3,853
Rental expense relating to short-term leases (Note 16(b))	2,061	2,937	4,669
Depreciation of property, plant and equipment and amortization of intangible assets (Notes 15 and 17)	1,944	967	720
[REDACTED] expenses	—	—	8,486
Others	32,570	31,723	31,638
Total cost of revenue, selling and marketing expenses, research and development expenses and administrative expenses	841,603	862,324	974,638

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8 OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	15,867	3,785	2,353

The government grants were mainly subsidies provided by local government authorities in the PRC to reward the Group’s support and contribution for the development of local economies. As at 31 December 2023, 2024 and 2025, there were no unfulfilled conditions or contingencies relating to these government grants.

9 OTHER GAINS/(LOSSES), NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Exchange gains/(losses)	805	(84)	87
Others	130	121	(788)
Gain on disposal of a subsidiary (a)	—	—	2,456
	<u>935</u>	<u>37</u>	<u>1,755</u>

(a) During the year ended 31 December 2025, the Group disposed all of its shares in a non wholly-owned subsidiary, which resulted in gain on disposal amounting to approximately RMB2,456,000.

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS’ EMOLUMENTS)

(a) Employee benefit expenses are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	225,764	232,139	205,350
Welfare, medical and other expenses	16,611	16,729	15,297
Defined contribution plan	12,418	13,319	13,731
Termination benefits	1,092	8,728	2,382
Employee share schemes			
– value of employee services			
(Note 27)	19,157	5,085	3,100
	<u>275,042</u>	<u>276,000</u>	<u>239,860</u>

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(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 include nil, nil and nil director(s), whose emoluments are reflected in the analysis shown in Note 33. The emoluments payable to the remaining 5, 5 and 5 individuals during the years ended 31 December 2023, 2024 and 2025, are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	3,012	3,827	3,238
Welfare, medical and other expenses	54	71	93
Defined contribution plan	70	74	80
Employee share schemes			
– value of employee services	2,716	495	91
	<u>5,852</u>	<u>4,467</u>	<u>3,502</u>

(c) The emoluments of those individuals fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
Emolument band			
Nil – HKD500,000	–	–	–
HKD500,001 – HKD1,000,000	–	3	5
HKD1,000,001 – HKD1,500,000	5	2	–
	<u>5</u>	<u>5</u>	<u>5</u>

11 FINANCE COSTS, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income:			
– Interest income from bank deposits	2,939	2,747	1,515
– Interest income from term deposit with original maturity over three months	–	100	97
	<u>2,939</u>	<u>2,847</u>	<u>1,612</u>
Finance costs:			
– Interest expenses on borrowings	(5,286)	(4,877)	(8,160)
– Interest expenses on lease liabilities (<i>Note 16(b)</i>)	(797)	(498)	(413)
	<u>(6,083)</u>	<u>(5,375)</u>	<u>(8,573)</u>
Finance costs, net	<u>(3,144)</u>	<u>(2,528)</u>	<u>(6,961)</u>

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12 INCOME TAX EXPENSES/(CREDITS)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	—	—	—
Deferred income tax	32	24	(56)
	<u>32</u>	<u>24</u>	<u>(56)</u>

The tax on the Group’s loss before income tax differs from the theoretical amount that would arise using the taxation rate of the PRC, the principal place of the Group’s operation. The differences are analyzed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before income tax:	(575,692)	(447,767)	(399,134)
Less: share of profits of investment in associates	(399)	(172)	(206)
	<u>(576,091)</u>	<u>(447,939)</u>	<u>(399,340)</u>
Tax calculated at tax rate of 25%	(144,023)	(111,985)	(99,835)
Tax effects of:			
– Different income tax rates applicable to subsidiaries	127,037	95,965	78,058
– Research and development super deduction	(8,762)	(5,677)	(5,780)
– Expenses not deductible for tax purpose	2,302	1,071	802
– Utilization of previously unrecognized tax losses	(9,227)	(11,803)	(22,223)
– Tax losses not recognized for deferred tax assets	32,633	29,311	45,924
– Temporary differences not recognized for deferred tax assets	72	3,142	2,998
	<u>32</u>	<u>24</u>	<u>(56)</u>

(a) Cayman Islands corporate income tax

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 8.25% on the estimated assessable profits up to HKD2,000,000; and 16.5% on any part of the estimated assessable profits over HKD2,000,000 for the years ended 31 December 2023, 2024 and 2025.

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(c) PRC CIT

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended 31 December 2023, 2024 and 2025.

CIT provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25%, except for subsidiaries of the Group which are entitled to preferential tax rate of 15% applicable to “High and New Technology Enterprise” (“HNTE”) on the estimated assessable profit during the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

For small and low-profit enterprises, the policy of reducing the taxable income by 75% and paying corporate income tax at a rate of 20% is extended until 31 December 2027, leading to an effective corporate income tax rate of 5%.

(d) PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax.

(e) Research and development super deduction

According to the relevant laws and regulations promulgated by the State Council of the People’s Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Additional Deduction”). The State Taxation Administration of The People’s Republic of China (“STA”) further announced in March 2021 that manufacturing enterprises engaging in research and development activities would entitle to claim 200% of their research and development expenses as Accelerated Deduction since 1 January 2021. The STA further announced in March 2023 that eligible enterprises would entitle to claim 200% of their research and development expenses as Additional Deduction since 1 January 2023. The Group has made its best estimate for the Additional Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the period.

13 LOSSES PER SHARE

(a) Basic losses per share

Basic losses per share are calculated by dividing the losses attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Year ended 31 December		
	2023	2024	2025
Losses attributable to equity holders of the Company (in RMB thousands)	(575,511)	(447,626)	(398,956)
Weighted average number of ordinary shares in issue (thousand)	28,029	28,029	28,029
Basic losses per share (expressed in RMB per share)	(20.53)	(15.97)	(14.23)

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(b) Diluted losses per share

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2023, 2024 and 2025, the Company has several financial liabilities at fair value through profit or loss (Note 30) and the share options granted to employees (Note 27).

As the Group incurred losses for the years ended 31 December 2023, 2024 and 2025, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2023, 2024 and 2025 were same as basic loss per share of respective years.

14 DIVIDENDS

No dividends have been paid or declared by the Company during each of the years ended 31 December 2023, 2024 and 2025.

15 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023					
Cost	427	5,050	55	7,447	12,979
Accumulated depreciation	(358)	(4,038)	(25)	(6,810)	(11,231)
Net book amount	<u>69</u>	<u>1,012</u>	<u>30</u>	<u>637</u>	<u>1,748</u>
Year ended 31 December 2023					
Opening net book amount	69	1,012	30	637	1,748
Additions	11	55	–	–	66
Depreciation charge	(38)	(622)	(15)	(564)	(1,239)
Disposals	(2)	(29)	–	–	(31)
Closing net book amount	<u>40</u>	<u>416</u>	<u>15</u>	<u>73</u>	<u>544</u>
As at 31 December 2023					
Cost	394	4,584	55	7,447	12,480
Accumulated depreciation	(354)	(4,168)	(40)	(7,374)	(11,936)
Net book amount	<u>40</u>	<u>416</u>	<u>15</u>	<u>73</u>	<u>544</u>
Year ended 31 December 2024					
Opening net book amount	40	416	15	73	544
Additions	–	68	3	–	71
Depreciation charge	(10)	(154)	(9)	(45)	(218)
Disposals	(1)	(17)	–	–	(18)
Closing net book amount	<u>29</u>	<u>313</u>	<u>9</u>	<u>28</u>	<u>379</u>
As at 31 December 2024					
Cost	387	4,322	58	7,447	12,214
Accumulated depreciation	(358)	(4,009)	(49)	(7,419)	(11,835)
Net book amount	<u>29</u>	<u>313</u>	<u>9</u>	<u>28</u>	<u>379</u>

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	Furniture and fixtures	Equipment	Motor vehicles	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025					
Cost	387	4,322	58	7,447	12,214
Accumulated depreciation	(358)	(4,009)	(49)	(7,419)	(11,835)
Net book amount	<u>29</u>	<u>313</u>	<u>9</u>	<u>28</u>	<u>379</u>
Year ended					
31 December 2025					
Opening net book amount	29	313	9	28	379
Additions	624	579	414	–	1,617
Depreciation charge	(44)	(82)	(8)	(28)	(162)
Disposals	(5)	(23)	(3)	–	(31)
Closing net book amount	<u>604</u>	<u>787</u>	<u>412</u>	<u>–</u>	<u>1,803</u>
As at 31 December 2025					
Cost	915	4,520	469	7,333	13,237
Accumulated depreciation	(311)	(3,733)	(57)	(7,333)	(11,434)
Net book amount	<u>604</u>	<u>787</u>	<u>412</u>	<u>–</u>	<u>1,803</u>

- (a) The depreciation of property, plant and equipment have been charged to the consolidated statement of profit or loss as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Research and development expenses	110	26	22
Administrative expenses	965	122	20
Selling and marketing expenses	164	70	120
	<u>1,239</u>	<u>218</u>	<u>162</u>

(b) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Equipment	3-10 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Leasehold improvements	shorter of estimated useful life or remaining lease terms

See Note 37.4 for other accounting policies relevant to property and equipment.

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16 LEASES

(a) Amounts recognised in the consolidated statements of financial position

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
– Properties	11,237	3,758	9,440

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities			
– Non-current portion	4,670	1,024	6,869
– Current portion	7,427	2,521	2,630
	12,097	3,545	9,499

Additions to the right-of-use assets during the years ended 31 December 2023, 2024 and 2025 were approximately RMB1,800,000, RMB2,001,000, and RMB10,505,000, respectively.

(b) Amounts recognised in the consolidated statements of comprehensive income

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	6,623	6,821	3,853
Finance costs on leases	797	498	413
Short-term lease payment	2,061	2,937	4,669

(c) Amounts recognised in the consolidated statements of cash flows

During the years ended 31 December 2023, 2024 and 2025, the total cash outflows for leases were analysed as below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash flows used in operating activities			
Payments for short-term leases	2,061	2,937	4,669
	2,061	2,937	4,669
Cash flows used in financing activities			
Lease payments	7,743	7,932	4,100
	7,743	7,932	4,100

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Payments for short-term leases were not shown separately, but included in the line of “loss before income tax” in respect of the net cash generated from operations which were presented in Note 31 under the indirect method.

(d) The Group’s leasing activities and how these are accounted for

The group leases various offices and warehouses. Rental contracts are typically made for fixed periods of one to five years.

Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

See Note 37.21 for the other accounting policies relevant to leases.

17 INTANGIBLE ASSETS

	Software	Total
	<i>RMB’000</i>	<i>RMB’000</i>
At 31 December 2022		
Cost	4,567	4,567
Accumulated amortization	(2,728)	(2,728)
Net book amount	<u>1,839</u>	<u>1,839</u>
Year ended 31 December 2023		
Opening net book amount	1,839	1,839
Additions	397	397
Amortization charge	(705)	(705)
Closing net book amount	<u>1,531</u>	<u>1,531</u>
At 31 December 2023		
Cost	4,964	4,964
Accumulated amortization	(3,433)	(3,433)
Net book amount	<u>1,531</u>	<u>1,531</u>

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	Software	Total
	RMB'000	RMB'000
Year ended 31 December 2024		
Opening net book amount	1,531	1,531
Amortization charge	(749)	(749)
Closing net book amount	<u>782</u>	<u>782</u>
At 31 December 2024		
Cost	4,964	4,964
Accumulated amortization	(4,182)	(4,182)
Net book amount	<u>782</u>	<u>782</u>
At 1 January 2025		
Cost	4,964	4,964
Accumulated amortization	(4,182)	(4,182)
Net book amount	<u>782</u>	<u>782</u>
Year ended 31 December 2025		
Opening net book amount	782	782
Amortization charge	(558)	(558)
Closing net book amount	<u>224</u>	<u>224</u>
At 31 December 2025		
Cost	4,964	4,964
Accumulated amortization	(4,740)	(4,740)
Net book amount	<u>224</u>	<u>224</u>

- (a) The amortization of intangible assets has been charged to the consolidated statement of profit or loss as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Research and development expenses	662	706	528
General and administrative expenses	<u>43</u>	<u>43</u>	<u>30</u>
	<u>705</u>	<u>749</u>	<u>558</u>

- (b) **Amortization methods and useful lives**

The Group amortizes intangible assets with indefinite useful life using the straight-line method over the following periods:

- Software 1-6 years

See Note 37.5 for the other accounting policies relevant to intangible assets.

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18 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	6,710	7,109	7,281
Share of profits	399	172	206
At the end of the year	<u>7,109</u>	<u>7,281</u>	<u>7,487</u>

Company name	Registered Capital	Percentage of ownership interest attributable to the Group			Principal activities and place of operation
		31 December			
		2023	2024	2025	
	(RMB)	%	%	%	
Shenzhen Xinshida Supply Chain Service Co., Ltd. (深圳新仕達供應鏈服務有限公司) (“Xin Shida”) . .	20,000,000	34.00%	34.00%	34.00%	Auto parts sales business/ PRC

The above associate is accounted for using the equity method and does not have a significant impact on the Group’s results of operations and financial position.

There is no commitments and contingent liabilities relating to the Group’s interest in the associates.

19 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

(a) Deferred income tax assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities	1,452	426	2,152
Offsetting	<u>(1,452)</u>	<u>(426)</u>	<u>(2,152)</u>
Net deferred tax assets	<u>—</u>	<u>—</u>	<u>—</u>

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The movement on the deferred tax assets for the years is as follows:

	Lease liabilities
	<i>RMB'000</i>
As at 1 January 2023	2,053
Charged to consolidated statements of comprehensive income	(601)
As at 31 December 2023	<u>1,452</u>
As at 1 January 2024	1,452
Charged to consolidated statements of comprehensive income	(1,026)
As at 31 December 2024	<u>426</u>
As at 1 January 2025	426
Credited to consolidated statements of comprehensive income	1,726
As at 31 December 2025	<u>2,152</u>

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2023, 2024 and 2025, the Group did not recognise deferred tax assets of approximately RMB250,359,000, RMB258,579,000 and RMB266,154,000, respectively, in respect of tax losses amounting to RMB1,878,037,000, RMB1,949,266,000 and RMB1,976,059,000, respectively, in certain subsidiaries as the future profit streams of these subsidiaries are uncertain. As at 31 December 2023, 2024 and 2025, tax losses of approximately RMB1,878,019,000, RMB1,946,956,000 and RMB1,969,988,000, respectively, arising from the PRC subsidiaries will expire in various dates as follows. Other tax losses may be carried forward indefinitely.

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2024	87	–	–
2025	59,005	59,005	–
2026	127,132	127,034	127,033
2027	75,916	75,916	72,034
2028	68,955	56,605	46,839
2029	274,259	196,201	147,831
2030	333,262	333,262	351,253
2031	437,884	425,875	384,802
2032	300,997	300,997	266,039
2033	200,522	200,522	169,319
2034	–	171,539	139,567
2035	–	–	265,271
	<u>1,878,019</u>	<u>1,946,956</u>	<u>1,969,988</u>

As at 31 December 2023, 2024 and 2025, the Group did not recognise deferred tax assets of approximately RMB11,517,000, RMB14,659,000 and RMB17,657,000, respectively, in respect of deductible temporary differences amounting to RMB84,553,000, RMB95,363,000 and RMB446,761,000, respectively.

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(b) Deferred income tax liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets	1,488	486	2,156
Offsetting	(1,452)	(426)	(2,152)
Net deferred tax liabilities	36	60	4

The movement on the deferred tax liabilities for the years is as follows:

	Right-of-use assets
	RMB'000
As at 1 January 2023	2,057
Credited to consolidated statement of comprehensive income	(569)
As at 31 December 2023	1,488
As at 1 January 2024	1,488
Credited to consolidated statement of comprehensive income	(1,002)
As at 31 December 2024	486
As at 1 January 2025	486
Charged to consolidated statements of comprehensive income	1,670
As at 31 December 2025	2,156

As at 31 December 2023, 2024 and 2025 the subsidiaries of the Group in China had no distributable undistributed profits, so there were no assessable temporary differences that were recognized due to withholding tax.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets-amortized cost			
– Trade receivables	32,214	44,706	101,017
– Deposit and other receivables (excluding deductible input value-added tax)	230,143	213,414	189,404
– Term deposit with original maturity over three months	–	20,000	–
– Cash and cash equivalents	173,101	44,955	115,512
– Restricted cash	125,988	164,547	157,905
	<u>561,446</u>	<u>487,622</u>	<u>563,838</u>
Financial assets at fair value through profit or loss	–	10,000	–

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities-amortized cost			
– Trade payables	25,859	36,374	64,532
– Other payables and accruals (excluding employee benefit accruals and other taxes payables)	518,432	506,498	505,016
– Lease liabilities	12,097	3,545	9,499
– Borrowings	117,073	157,494	180,935
	<u>673,461</u>	<u>703,911</u>	<u>759,982</u>
Financial liabilities at fair value through profit or loss	2,606,808	3,021,941	3,451,655

21 TRADE RECEIVABLES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables (b)	38,799	59,331	112,216
Less: allowance for impairment	(6,585)	(14,625)	(11,199)
	<u>32,214</u>	<u>44,706</u>	<u>101,017</u>

- (a) All of these balances were denominated in RMB and their carrying amounts approximated their fair value as at 31 December 2023, 2024 and 2025.
- (b) The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. Information about the impairment of trade receivables and the Group’s exposure to credit risk has been disclosed in Note 3.1.
- (c) The Group allows a credit period within 30 to 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
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
	<u>38,799</u>	<u>59,331</u>	<u>112,216</u>

- (d) Trade receivables mainly arose from the provision of CassChoice. Details about the Group’s impairment policies and the calculation of the loss allowance are provided in Note 3.1(b).

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22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Deposits in non-current assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease deposits	1,104	188	671

(b) Prepayments, deposits and other receivables in current assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments			
Prepayment for auto parts	42,999	24,290	29,318
Deferred [REDACTED] expenses	–	363	1,340
Others	1,057	1,095	1,948
Sub-total	<u>44,056</u>	<u>25,748</u>	<u>32,606</u>
Deposits and other receivables			
Receivables from CassMall			
platform service (i)	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
Sub-total	<u>294,126</u>	<u>280,707</u>	<u>262,219</u>
Less: allowance for impairment of other			
receivables (Note 3.1(b))	(62,075)	(64,587)	(70,197)
Sub-total	<u>232,051</u>	<u>216,120</u>	<u>192,022</u>
	<u>276,107</u>	<u>241,868</u>	<u>224,628</u>

(i) The balances represented the Group’s payments on behalf of the automotive service workshops for the purchase of auto parts from auto parts distributors.

(ii) The carrying amounts of the aforementioned deposits and other receivables balances were mainly denominated in RMB and approximated their fair value as at 31 December 2023, 2024 and 2025.

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23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening balance	50	–	10,000
Addition	–	10,000	66,070
Disposal	(50)	–	(76,123)
Fair value change	–	–	53
Closing balance	–	10,000	–

As at 31 December 2024, the financial assets at fair value through profit or loss mainly consists of the wealth management products.

24 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	299,089	229,502	273,417
Less: term deposit with original maturity over three months	–	(20,000)	–
Less: restricted cash (a)	(125,988)	(164,547)	(157,905)
Cash and cash equivalents	173,101	44,955	115,512

(a) Restricted cash

As at 31 December 2025, bank deposits of RMB1,127,000 were restricted for contractual disputes. All other restricted cash balances represent cash received from automotive service workshops and placed in banks’ supervised accounts for payments to auto parts distributors and deposit of bank draft.

(b) Cash and bank balances are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	298,870	226,754	266,676
USD	219	96	6,247
HKD	–	2,652	494
	299,089	229,502	273,417

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25 SHARE CAPITAL

Authorized:

	Number of ordinary shares	Nominal value of ordinary shares	Number of preferred shares	Nominal value of preferred shares	Total number of shares	Total nominal value of shares
		<i>In USD</i>		<i>In USD</i>		<i>In USD</i>
At 1 January 2023	390,170,333	39,017	109,829,667	10,983	500,000,000	50,000
Issuance/(cancellation)						
Series D-2 redeemable convertible preferred shares	(3,669,152)	(367)	3,669,152	367	–	–
Series D-3 redeemable convertible preferred shares	(1,453,203)	(145)	1,453,203	145	–	–
Balance at 31 December 2023, 2024 and 2025 . . .	<u>385,047,978</u>	<u>38,505</u>	<u>114,952,022</u>	<u>11,495</u>	<u>500,000,000</u>	<u>50,000</u>

Issued:

	Number of shares	Nominal value	
		<i>In USD</i>	<i>In RMB Equivalent</i>
Balance at 31 December 2023, 2024 and 2025 .	<u>39,492,830</u>	<u>3,949</u>	<u>27,934</u>

As at December 31, 2023, 2024 and 2025, 11,464,271 shares of the Company were held by the Group’s controlled entities, Wealth & Wisdom Holdings Limited (the “trustee”) and accounted for as treasure shares (Note 27).

26 OTHER RESERVES

	Share premium	Treasury shares	Share-based compensation reserve	Other reserves	Currency translation differences	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January, 2023 . . .	9,544	(9)	43,018	246,859	(39,356)	260,056
Currency translation difference	–	–	–	–	(39,313)	(39,313)
Share option schemes-value of employee services . . .	–	–	19,157	–	–	19,157
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	–	127,001	–	127,001
Profit appropriations to general risk reserves (a) .	–	–	–	150	–	150
As at 31 December 2023 . .	<u>9,544</u>	<u>(9)</u>	<u>62,175</u>	<u>374,010</u>	<u>(78,669)</u>	<u>367,051</u>
As at 1 January, 2024 . . .	9,544	(9)	62,175	374,010	(78,669)	367,051
Currency translation difference	–	–	–	–	(47,397)	(47,397)
Share option schemes-value of employee services . . .	–	–	5,085	–	–	5,085
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	–	(48,754)	–	(48,754)
Profit appropriations to general risk reserves (a) .	–	–	–	(258)	–	(258)

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	Share premium	Treasury shares	Share-based compensation reserve	Other reserves	Currency Translation differences	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024 . .	9,544	(9)	67,260	324,998	(126,066)	275,727
As at 1 January, 2025 . . .	9,544	(9)	67,260	324,998	(126,066)	275,727
Currency translation difference	–	–	–	–	78,918	78,918
Share option schemes-value of employee services . . .	–	–	3,100	–	–	3,100
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	–	(86,535)	–	(86,535)
Profit appropriations to general risk reserves (a) .	–	–	–	(87)	–	(87)
As at 31 December 2025 . .	9,544	(9)	70,360	238,376	(47,148)	271,123

- (a) Pursuant to the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening Supervision and Administration of Commercial Factoring Enterprises which was promulgated in October 2019, factoring companies should accrue a general reserve not less than 1% of the closing balance of the loan receivables.

27 SHARE-BASED PAYMENTS

In recognition the contributions from management and employees and to incentivize them for the further development in the Group, the Company adopted a share option plan (“the Share Option Plan”). The maximum number of shares that may be issued under the Share Option Plan shall be 11,464,271 ordinary shares.

Under the Share Option Plan, the Group granted several batches of share options. The share options were vested at the grant date or over 4 years schedule. For the schedule as 4 years, 25% of the aggregate number of the granted share options are vested on each anniversary of the vesting commencement date.

During the year ended 31 December 2025, the expiration terms of 700,160 vested share options were extended to 15 years from the date of vesting commence date.

The vested options shall only become exercisable upon the earlier of (i) the Company’s IPO, (ii) the occurrence of a change in control, or (iii) any other time approved by administrator.

The share-based compensation expenses recognized during the Track Record Period are summarized in the following table:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Employee share schemes			
– value of employee services	19,157	5,085	3,100

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(a) Movements in the number of share options outstanding and their related exercise prices:

	Average exercise price (USD)	Number of share options
Outstanding balance as at 1 January 2023	0.67	10,155,335
Granted during the year	0.51	1,205,759
Forfeited during the year	1.05	(91,050)
Lapsed during the year	0.93	(31,718)
Outstanding balance as at 31 December 2023	0.65	11,238,326
Outstanding balance as at 1 January 2024	0.65	11,238,326
Granted during the year	1.37	374,569
Forfeited during the year	1.16	(213,357)
Lapsed during the year	0.62	(253,509)
Outstanding balance as at 31 December 2024	0.67	11,146,029
Outstanding balance as at 1 January 2025	0.67	11,146,029
Granted during the year	1.43	187,766
Forfeited during the year	1.35	(33,817)
Lapsed during the year	0.77	(119,684)
Outstanding balance as at 31 December 2025	0.68	11,180,294

As at 31 December 2023, 2024 and 2025, the exercise prices for the above outstanding share options were USD0.01-1.45, USD0.01-1.45 and USD0.01-1.45 per share, respectively.

As at 31 December 2023, 2024 and 2025, the weighted-average remaining life for the above outstanding share options was 6.21 years, 5.27 years, 4.31 years, respectively.

(b) Fair value of share options

The Group had adopted the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary shares.

Based on fair value of the underlying ordinary shares, the Group has used Binomial option- pricing model to determine the fair value of the share option of the grant date. Key assumptions are set as below:

	As at each grant dates during the year ended		
	31 December		
	2023	2024	2025
Fair value per share (USD)	1.63-2.10	2.10-2.42	2.50
Exercise price (USD)	0.01-1.45	0.48-1.44	0.94-1.44
Risk-free interest rate	3.49%-4.59%	4.18%-4.49%	3.71%-4.48%
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	52.12%-56.56%	50.97%-53.90%	55.56%-61.01%
Expected terms	10 years	10 years	10 years

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28 TRADE AND OTHER PAYABLES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables (a)	25,859	36,374	64,532
Other payables			
Payables in respect of CassMall (b)	432,393	379,755	364,982
Refundable deposits from auto parts distributors (c)	50,972	50,124	52,133
Employee benefit accruals	35,032	51,264	51,940
Amounts due to related parties (Note 32(c))	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
	<u>555,297</u>	<u>560,267</u>	<u>560,656</u>
	<u>581,156</u>	<u>596,641</u>	<u>625,188</u>

(a) As at 31 December 2023, 2024 and 2025, the aging analysis of trade payables based on the invoice date was as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
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
	<u>25,859</u>	<u>36,374</u>	<u>64,532</u>

(b) The balance represents funds collected by the Group from automotive service workshops, which are required to be settled with auto parts distributors upon the respective contractual settlement clearance dates.

(c) The balances represent deposits placed by auto parts distributors with the Group when they signed up the agreements with the Group to enter platform. The balances would be refundable upon the expiration of the agreements.

(d) As at 31 December 2023, 2024 and 2025, trade and other payables were mainly denominated in RMB and their fair values approximated their carrying amounts.

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29 BORROWINGS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Bank borrowings (a)			
– Unsecured but guaranteed	81,875	103,750	160,853
– Recourse factoring with guarantee	23,198	15,619	20,082
Borrowing from other non-banking financial institution (b)			
– Unsecured but guaranteed	10,125	18,125	–
	<u>115,198</u>	<u>137,494</u>	<u>180,935</u>
Non-current			
Borrowing from other non-banking financial institution (b)			
– Unsecured but guaranteed	<u>1,875</u>	<u>20,000</u>	<u>–</u>

- (a) As at 31 December 2023 and 2024 and 2025, bank loans were guaranteed by subsidiaries of the Group. During the years ended 31 December 2023 and 2024 and 2025, the weighted average interest rate is 4.92%, 4.06% and 3.87%.
- (b) As at 31 December 2023 and 2024, the borrowings from other independent non-banking financial institution were guaranteed by subsidiaries of the Group. Concurrently with the provision of the loans, the Company granted warrants to the lenders (Note 30 (c)(i)). During the years ended 31 December 2023, 2024 and 2025, the weighted average interest rate is 9.50%, 9.50% and 9.50%.

30 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Redeemable Convertible Preferred Shares

Between 2016 and 2023, the Company completed several rounds of financing by issuing Redeemable Convertible as follows:

	Date of issuance <i>dd/mm/yyyy</i>	Issue price <i>(per share)</i>	Number of shares	Total consideration	
				In USD	In RMB Equivalent
Series Angel redeemable convertible preferred shares (“Series Angel PS”) . .	29/02/2016	RMB1.0820	3,998,619	1,480,107	8,000,000
Series A redeemable convertible preferred shares (“Series A PS”)	22/07/2016	RMB3.0778	5,776,200	892,640	6,772,189
Series A+ redeemable convertible preferred shares (“Series A+ PS”) . . .	21/01/2017	RMB3.7030	7,426,500	3,421,872	25,752,429
Series B redeemable convertible preferred shares (“Series B PS”)	18/10/2017	RMB5.3861	14,714,797	12,144,566	81,601,749
Series B+ redeemable convertible preferred shares (“Series B+ PS”) . . .	13/04/2018	RMB9.3847	10,975,250	15,211,530	113,000,000
Series B-3 redeemable convertible preferred shares (“Series B-3 PS”) . . .	22/08/2018	RMB15.3752	4,490,691	15,129,748	105,000,000
Series B-4 redeemable convertible preferred shares (“Series B-4 PS”) . . .	26/09/2018	RMB16.4002	2,439,000	5,655,229	40,000,000

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	Date of issuance <i>dd/mm/yyyy</i>	Issue price <i>(per share)</i>	Number of shares	Total consideration	
				In USD	In RMB Equivalent
Series C-1 redeemable convertible preferred shares (“Series C-1 PS”) . . .	27/09/2019	USD3.0657	25,161,607	67,265,052	474,645,890
Series C-2-1 redeemable convertible preferred shares (“Series C-2-1 PS”) (i)	19/06/2020	–	9,907,643	–	–
Series C-2-2 redeemable convertible preferred shares (“Series C-2-2 PS”) . .	19/06/2020	USD3.5777	5,058,756	18,098,422	126,728,507
Series C-3 redeemable convertible preferred shares (“Series C-3 PS”) . . .	27/11/2020	USD3.7082	9,438,471	35,000,000	229,751,500
Series C-4 redeemable convertible preferred shares (“Series C-4 PS”) . . .	31/03/2021	USD3.7082	7,309,493	27,105,263	175,918,578
Series D-1 redeemable convertible preferred shares (“Series D-1 PS”) . . .	28/03/2022	USD4.7883	3,132,640	15,000,000	98,294,600
Series D-2 redeemable convertible preferred shares (“Series D-2 PS”) . . .	12/04/2023	USD4.7883	3,669,152	16,762,440	121,500,000
Series D-3 redeemable convertible preferred shares (“Series D-3 PS”) . . .	10/11/2023	USD4.7883	1,453,203	6,835,737	50,000,000

Series Angel PS, Series A PS, Series A+ PS, Series B PS, Series B+ PS, Series B-3 PS and Series B-4 PS collectively as “Reorganization PS”.

Series C-1 PS, Series C-2-1 PS, Series C-2-2 PS, Series C-3 PS, Series C-4 PS collectively as “Series C PS”.

Series D-1 PS, Series D-2 PS, Series D-3 PS collectively as “Series D PS”.

- (i) On 19 June 2020, the shareholders of Series C-2-1 PS entered into share purchase agreements with certain exist shareholders. 2,487,481 Series Angel PS, 907,300 Series A+ PS, 3,108,803 Series B PS, 1,065,550 Series B+ PS and 2,338,509 Series B-3 PS has been transferred and reclassified as the same number of Series C-2-1 PS.

The key terms of the Preferred Shares are summarized as follows:

(i) Redemption rights

With respect to the holders of preferred shares, at any time after the earlier of (i) 30 September 2026, provided that a qualified IPO has not occurred, (ii) any material breach or violation of, or material inaccuracy or misrepresentation in, any representation or warranty or undertakings contained herein or in the transaction documents to which such holder of preferred shares is a party, which has not been cured within thirty days after receipt of written notice by such holder of preferred shares, or any material violation of applicable laws and regulations by any warrantor, which has not been cured within thirty days after receipt of written notice by such holder of preferred shares, (iii) any material adverse change occurs in the regulatory environment that will cause the arrangement under the restructuring document invalid or unenforceable, and within ninety days after the occurrence of such change, no alternative plan satisfactory to the majority investors can be adopted, (iv) Mr Jiang ceases to be employed by the relevant group company on a full time basis and/or hold core position of the relevant group company, except that such termination of employment relationship is approved by the Board (including the affirmative votes of all the investor directors), (v) request of redemption by any other holders of Preferred Shares of any Group Company (the events under the above item (i)-(v), collectively the “Redemption Events”), each holder of any preferred share (in each case, the “Redemption Requesting Holder”), may request, by delivering a notice to the Company, that the Company redeem all or any lesser portion of the then outstanding preferred shares, as applicable) held by such Redemption Requesting Holder.

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The redemption price at which each Series B PS, Series B+ PS, Series B3 PS, Series B4 PS, Series C PS and Series D PS shall be equal to the higher of the below: (a) the applicable each original series issue price plus a twelve percent (12%) annual compounded interest on the applicable original series issue price calculated from the applicable original series issue date until the date of redemption and all dividends declared (as of the date of redemption) but unpaid with respect to such preferred share (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions); or (b) the fair market value of such Preferred Shareholders determined by a third appraisal institution which is appointed by the specific series preferred shareholders and the Company.

The redemption price at which each Series A PS and Series A+ PS shall be equal to the higher of the below (a) the original series purchase price plus a ten percent (10%) annual compounded interest on the original series issue price calculated from the original series issue date until the date of redemption and all dividends declared (as of the date of redemption) but unpaid with respect to such preferred share (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), or (b) the fair market value of such preferred share determined by a third appraisal institution which is appointed by specific preferred share holder and the Company.

The redemption price at which each Series Angel PS shall be equal to the higher of the below (a) the original series purchase price plus a ten percent (10%) annual single interest on the original series issue price calculated from the original series issue date until the date of redemption and all dividends declared (as of the date of redemption) but unpaid with respect to such Preferred Share (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), or (b) the amount of the net asset per share of the Company.

If the Group Companies' assets or funds which are legally available on the date that any redemption payment is due are insufficient to pay in full all redemption payments to be paid at the redemption closing, or if the Group Companies are otherwise prohibited by applicable law from making such redemption, those assets or funds which are legally available shall be used to the extent permitted by applicable law to redeem the preferred share requested to be redeemed as following order: first to full redemption price to all holders of Series D PS, second to full redemption price to all holders of Series C4 PS, Series C3 PS, Series C2-2 PS and Series C1 PS, third to full redemption price to all holders of Series C2-1 PS, fourth to full redemption price to all holders of Series B4 PS, fifth to full redemption price to all holders of Series B3 PS, sixth to full redemption price to all holders of Series B2 PS, seventh to full redemption price to all holders of Series B1 PS, eighth to full redemption price to all holders of Series A+ PS and Series A PS and last to full redemption price to all holders of Series Angel PS. For each series of Preferred Share, the Company shall be aggregated and distributed rateably among the redeeming investors holding the such series of preferred shares until they receive the full redemption price to which such holders are entitled.

If the Group Companies fails for whatever reason to redeem any preferred shares on its due date, until the date on which the same are redeemed, the Group shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution. To the extent permitted by law, the Group shall procure that the profits of each subsidiary of the Group for the time being available for distribution shall be paid to the Group by way of dividend if and to the extent that, but for such payment, the Group would not itself otherwise have sufficient profits available for distribution to make any redemption of preferred shares required to be made.

(ii) Conversion rights

Each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the original issue dates, as applicable, into such number of fully paid and non-assessable ordinary shares at an initial conversion ratio of 1:1 subject adjusted to (i) adjustment for share splits and combinations; (ii) adjustment for ordinary share dividends and distributions; (iii) adjustment for other dividends; (iv) reorganizations, mergers, consolidated, reclassifications, exchanges, substitutions; (v) sales of shares below issue prices; and (vi) other dilutive events.

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(iii) Liquidation rights

Upon any liquidation, dissolution, or winding up of the Company and/or the Group's companies (taken as a whole), whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the holders of ordinary shares and the holders of preferred shares shall, by reason of the shareholders' ownership of the shares or preferred shares be distributed as follows:

With respect to all the Series D PS, Series C PS, Series B-4 PS, Series B-3 PS, Series B+ PS, Series B PS held by such holder, the liquidation price shall be entitled to receive an amount equal to the lower of (i) one hundred and twenty-five percent (125%) of the applicable original series issue price, plus all dividends accrued or declared but unpaid with respect thereto (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions) in respect with each such preferred share then held by such holder, or (ii) one hundred percent (100%) of the applicable original series issue price, plus a twelve percent (12%) annual simple interest on the applicable original series issue price calculated from the applicable original series issue price to the date the liquidation amount of each series is fully paid to such holder of the preferred shares and all dividends accrued or declared but unpaid with respect thereto (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions) in respect with each such preferred shares.

With respect to all the Series A+ PS, Series A PS and Series Angel PS held by such holder, the liquidation price shall be entitled to receive an amount equal to one hundred percent (100%) of the applicable original series issue price, plus all dividends accrued or declared but unpaid with respect thereto (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions) in respect with each preferred share then held by such holder.

The liquidation price should be paid as following order: first to full liquidation price to all holders of Series D PS, second to full liquidation price to all holders of Series C4 PS, Series C3 PS, Series C2-2 PS and Series C1 PS, third to full liquidation price to all holders of Series C2-1 PS, fourth to full liquidation price to all holders of Series B4 PS, fifth to full liquidation price to all holders of Series B3 PS, sixth to full liquidation price to all holders of Series B2 PS, seventh to full liquidation price to all holders of Series B1 PS, eighth to full liquidation price to all holders of Series A+ PS and Series A PS and last to full liquidation price to all holders of Series Angel PS. For each series of preferred share, the Company shall be aggregated and distributed rateably among the investors holding the such series of preferred shares until they receive the full liquidation price to which such holders are entitled.

After distribution or payment in full of the amount distributable or payable on the Series D PS, the Series C PS and the Reorganization PS, the remaining assets of the Company available for distribution to members, if any, shall be distributed rateably among the holders of outstanding ordinary shares (excluding ordinary shares held for the employee share awards that have not been granted and/or vested in participants) and preferred shares (on an as converted basis), on a pro rata basis, based on the number of ordinary shares (excluding ordinary shares held for the employee share awards that have not been granted and/or vested in participants) then held by each holder on a fully-diluted and as-converted basis.

(iv) Dividends rights

Each holder of preferred shares shall be entitled to receive non-cumulative dividends equal to the higher of (i) at the rate of eight percent (8%) of the applicable original series issue price annually (as adjusted for any share splits, share dividends, combinations, recapitalizations or similar transactions) for each preferred share held by such holder or (ii) the amount calculated on a pro rata basis according to the relative number of ordinary shares held by such holders of preferred shares among all the number of outstanding ordinary shares held by all the shareholders (calculated on a fully-diluted and as-converted basis), payable in cash when and as such cash becomes legally available therefor provided that such dividends shall be payable only when, as, and if declared by the Board and approved.

The dividend should be paid as following order: first to pay dividend to all holders of Series D PS, second to pay dividend to all holders of Series C PS, third to pay dividend to all holders of Series B4 PS, fourth to pay dividend to all holders of Series B3 PS, fifth to pay dividend to all holders of Series B+ PS, sixth to pay dividend to all holders of Series B PS, seventh to paid all dividend to all holders of Series A+ PS and Series A PS and all of the remaining assets and funds of the Company available for distribution of dividends, if any,

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shall be distributed rateably among the holders of all outstanding ordinary shares and the holders of all outstanding Series Angel PS (calculated on a fully-diluted and as-converted basis and excluding ordinary shares held for the employee share awards that have not been granted and/or vested in participant).

The movement of redeemable convertible preferred shares are set out as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening balance	2,088,674	2,601,697	3,013,455
Issuance of Series D PS	171,500	—	—
Fair value change included in profit or loss . . .	431,119	315,226	337,648
Fair value change due to own credit risk included in other comprehensive income	(127,001)	48,754	86,535
Currency translation differences	37,405	47,778	(79,455)
Closing balance	<u>2,601,697</u>	<u>3,013,455</u>	<u>3,358,183</u>

Recognition and derecognition of redeemable convertible preferred shares

The Group issued redeemable convertible preferred shares which give options to holders a right for redemption into cash after specified timing or a right for conversion into ordinary shares of the Company. The redeemable convertible preferred shares will be automatically converted into ordinary shares upon occurrence of the [REDACTED].

The Group designated the redeemable convertible preferred shares as financial liabilities at fair value through profit or loss.

As at 31 December 2023, 2024 and 2025, the convertible redeemable preference shares of the Company, which are convertible by the holders at any time, were be classified to current liabilities. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in the consolidated statements of profit or loss.

Subsequent to initial recognition, the redeemable convertible preferred shares are carried at fair value with changes in fair value recognized in the consolidated statements of profit or loss. The component of fair value changes relating to the Company’s own credit risk is recognized in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in the statement of profit or loss, but are transferred to retained earnings when realized.

Amendments on preferred rights

Pursuant to the supplementary agreements entered into by the Company and the Preferred Shareholders in March 2026, the “redemption right” and the deemed liquidation events under the shareholders agreement shall automatically terminate immediately before the Company’s first [REDACTED] application on the Hong Kong Stock Exchange. Further, pursuant to these supplementary agreements, the financial liabilities at fair value through profit or loss — amounting to RMB3,374,554,000 as of 31 December 2025 and classified within the Group’s current liabilities — will be reclassified from liabilities to equity.

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The redeemable convertible preferred shares are not traded in an active securities market, as such, the Group engaged an independent valuer to assess the fair value of the redeemable convertible preferred shares using a discount cash flow model to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the redeemable convertible preferred shares. Key assumptions are set out as follows:

	As at 31 December			Relationship of unobservable inputs to fair value
	2023	2024	2025	
Discount rate	14.00%	13.00%	12.00%	The higher the discounted rate, the lower the fair value
Risk-free interest rate	4.07%	4.23%	3.53%	The higher the risk-free rate, the lower the fair value
Discount for Lack of Marketability (“DLOM”)	19.00%	17.00%	15.00%	The higher the DLOM, the lower the fair value
Volatility	52.25%	58.65%	78.50%	The higher the volatility, the lower the fair value

Discount rate was estimated by weighted average cost of capital as of each appraisal date. The Group estimated the risk-free interest rate based on the yield to maturity of US government bonds with maturity matching the time to expiration as of the valuation date. Volatility was estimated at the dates of appraisal based on average of historical volatilities of the comparable companies in the same industry for a period from the respective appraisal dates to expected liquidation date.

The estimated carrying amount of the redeemable convertible preference shares as at 31 December 2023, 2024 and 2025 would have been lower/higher by approximately RMB174,549,000/ RMB196,380,000, RMB183,564,000/RMB205,954,000 and RMB186,282,000/RMB208,275,000, respectively, should the discount rate used in the discounted cash flow analysis be higher/lower by 5% from management’s estimates.

(b) Convertible bonds

The movement of the convertible bonds is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Opening balance	45,000	—	—
Issuance of convertible bonds	41,500	—	70,000
Repayments of convertible bonds	(86,500)	—	—
Fair value change	—	—	4,649
Closing balance	—	—	74,649

- (i) An investor intends to invest in the Company on terms that no less favourable than those of Series D convertible redeemable prefer shareholders. Subject to due diligence and administration procedures, the Group entered into a convertible bond agreement with the lender to issue RMB45,000,000 at a coupon interest rate of 8% per annum on 28 March 2022. The bond holder can be converted, at any time after the original issuance date, to the variable amounts of redeemable convertible prefer shares of the Company, at price that is no less favourable than those of Series D-1 convertible redeemable preference shareholders with the same preference rights. If the principal of entire bond is successfully converted into the convertible redeemable preference share, all interest accrued will be waived, and the lender will no longer require the Group to repay the loan or pay interest under this agreement. The bond should be matured on 31 December 2022 and the mature date has been extended. The convertible bond had been repaid during the year ended 31 December 2023 and then the Company has issued relevant redeemable convertible prefer shares to the lender.

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- (ii) An investor intended to participate in the Company’s new round of financing activities and entered into an agreement with the Group on 1 March 2023. The Group issued RMB21,500,000 convertible bond at a coupon interest rate of 8% per annum. The bond mature in one year from the issue date. The bond holder can be converted, at any time of during the agreement, to the Series D-2 PS at the same price and preference rights as Series D-2 redeemable convertible prefer shareholder. If the principal of entire bond is successfully converted into the convertible redeemable preference share, all interest accrued will be waived. The convertible bond had been repaid during the year ended 31 December 2023 and then the Company has issued relevant redeemable convertible prefer shares to the bondholders. As the convertible bond is repaid within a short period, the fair value change is not material.
- (iii) An investor has entered into a share purchase agreement on 18 May 2023 to purchase 603,976 Series D-2 PS. Due to the administration procedure, Shenzhen Casstime entered an agreement to issue RMB20,000,000 bonds at a free interest rate. The Group should finish the issuance of relevant series D-2 PS within four months from the issuance of the bonds. If the Group fails to issue the series D-2 PS, the Group should pay the interest at 8% per annum. The convertible bond had been repaid during the year ended 31 December 2023. After repayment of the convertible bond, the Group issued series D-2 PS to the investor and was no charged any interest. As the convertible bond is repaid within a short period, the fair value change is not material.
- (iv) On 29 September 2025, the Group entered a convertible bond with a third party to issue RMB70,000,000 convertible bonds at a coupon interest rate of 6% per annum. The bonds should be matured on 29 September 2026. The bondholder can be converted to next series redeemable convertible preferred shares shareholders of the Company within the 6 months when the following prerequisites are met:
- (1) The Group initials a new financing with a total amount of no less than RMB170,000,000;
 - (2) All the shareholders agree to postpone the QIPO date no earlier than 30 September 2027.

Regardless the above requisites are met, the bondholder has right to be converted to the redeemable convertible preferred shares shareholders at when the Company submits the IPO application materials.

The convertible bonds is not traded in an active securities market, as such, the Group engaged an independent valuer to assess the fair value of the convertible bonds using a discount cash flow model. Key assumptions in determine of its fair value are set as below:

	As at 31 December		
	2023	2024	2025
Dividend yield	—	—	0.00%
Volatility	—	—	78.50%
Risk free rate	—	—	3.53%

(c) Other financial liabilities at fair value through profit or losses

The movement of the other financial liabilities is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening balance	4,198	5,111	8,486
Issuance (ii)	—	—	10,000
Fair value changes	837	3,265	533
Currency translation differences	76	110	(196)
Closing balance	<u>5,111</u>	<u>8,486</u>	<u>18,823</u>

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- (i) In connection with non-banking financial institution as described in Note 29, warrants were issued to the lenders without any addition consideration, which allows the lenders to subscribe several redeemable convertible preferred shares of the Company at any time within the five years after issuance. As such, these warrants were classified as current liabilities. The detail about warrants as follow.

Date of issuance	Subscription Price (per share)	Number of shares	Subscription funding round	Expiration date
12/03/2021	USD3.71	55,866	Series C-2-2 PS	11/03/2026
15/07/2021	USD3.71	111,731	Series C-2-2 PS	14/07/2026
01/09/2021	USD3.71	64,725	Series C-2-2 PS	31/08/2026
17/01/2022	USD3.71	107,090	Series C-3 PS	16/01/2027
20/01/2023	USD4.79	37,004	Series D-1 PS	19/01/2028
05/05/2023	USD4.79	15,858	Series D-1 PS	04/05/2028
19/05/2023	USD4.79	13,353	Series D-1 PS	18/05/2028
25/09/2024	USD4.79	141,130	Series D-3 PS	24/09/2029

As at 31 December 2023, 2024 and 2025, the fair value of the warrants were amounting to RMB5,111,000, RMB8,486,000 and RMB8,823,000. The warrants are not traded in an active securities market. As such, the Group engaged an independent valuer to assess the fair value of warrants by using a Black-Scholes Model. Key assumptions in determining their fair value are set out below:

	As at 31 December		
	2023	2024	2025
Risk-free interest rate	3.89%-4.19%	4.18%-4.37%	3.47%-3.69%
Dividend yield	0.00%	0.00%	0.00%
Volatility	52.65%-60.13%	55.07%-59.72%	64.38%-78.94%

- (ii) On 14 May 2025, an existing shareholder of the Group and Beijing Juxing Spacetime Technology Partnership Enterprise (Limited Partnership) (“Beijing Juxing”), an entity controlled by key management person of the Group, subscribed 1,200,000 shares and 4,000,000 shares, respectively, of CasStar Holdings Limited, a subsidiary of the Group, through S-star Holdings Limited, a special purpose company owned 23.08% by the existing shareholder and 76.92% by Beijing Juxing, at the consideration of RMB12,000,000 and RMB40,000,000, respectively.

The holder of the aforementioned 1,200,000 shares (the “Conversion Shares”) has the right to convert such conversion shares into certain numbers of the Company’s ordinary shares at the earlier of: 1) the submission of the listing application materials to the applicable stock exchanges by the Company for an initial public offering of its share; 2) the 2nd anniversary of the date of this agreement. The conversion right shall automatically terminate if the holder does not exercise right at the earlier of: 1) the submission of the listing application materials to the applicable stock exchanges by the Company for an initial public offering of its share; 2) the 2nd anniversary of the date of this agreement.

During the year ended 31 December 2025, consideration of RMB10,000,000 was paid to CasStar Holdings Limited and the corresponding amount of approximately RMB10,000,000 was recognised as financial liabilities as at 31 December 2025.

As the holder of the aforementioned 4,000,000 shares, Beijing Juxing does not have any preferred rights and has prepaid the consideration of RMB40,000,000 to Casstime Technology (Anhui) Co., Ltd., another subsidiary of the Group, due to administrative procedures.

During the year ended 31 December 2025, RMB40,000,000 was repaid to Beijing Juxing, and RMB40,000,000 was prepaid to CasStar Holdings Limited, which was recognised as “other payable to a related party” (Note 32 (c)) as at 31 December 2025.

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31 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash used in operations

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before income tax	(575,692)	(447,767)	(399,134)
Adjustments for:			
Depreciation of property, plant and equipment . .	1,239	218	162
Depreciation of right-of-use assets	6,623	6,821	3,853
Amortization of intangible assets	705	749	558
Gains on disposal of property, plant and equipment	(38)	(26)	(2)
Losses/(gains) on disposal of right-of-use assets .	9	(460)	106
Impairment of financial assets	1,340	10,564	8,621
Share of profits of associates	(399)	(172)	(206)
Gains on investments in wealth management products	—	—	(53)
Interest income on bank deposits and term deposit	(2,939)	(2,847)	(1,612)
Interest expenses on bank borrowings	5,286	4,877	8,160
Equity-settled share-based payments	19,157	5,085	3,100
Fair value losses on FVPL liabilities	431,956	318,491	342,830
Gains on disposal of subsidiary	—	—	(2,456)
Unwinding of interest on lease liabilities	797	498	413
	463,736	343,798	363,474
 Loss before income tax after adjustment	 (111,956)	 (103,969)	 (35,660)
 Changes in working capital:			
Changes in inventories	(3,581)	(8,569)	(20,728)
Changes in trade receivables	59,680	(20,544)	(56,824)
Change in prepayments, deposits and other receivables	(71,527)	32,643	(38,697)
Changes in restricted cash	(57,091)	(38,559)	5,771
Changes in trade and other payables	143,539	(24,033)	74,572
Changes in contract liabilities	(28,790)	(5,556)	18,783
Cash used in operations	(69,726)	(168,587)	(52,783)

(b) Non-cash investing and financing activities

There were no other material non-cash investing or financing activities incurred during the Track Record Period.

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(c) Reconciliation of liabilities arising from financing activities

	Liabilities from financing activities			
	Lease liabilities	Borrowings	Financial liabilities at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	18,108	105,656	2,137,872	2,261,636
Proceeds of borrowings	–	272,733	–	272,733
Repayment of borrowings	–	(261,375)	–	(261,375)
Accrue interest expense on borrowings	–	5,286	–	5,286
Payment of interest expense on borrowing	–	(5,286)	–	(5,286)
Proceeds from redeemable convertible preferred shares	–	–	171,500	171,500
Proceeds from issuance of convertible bonds	–	–	41,500	41,500
Addition of the lease	1,800	–	–	1,800
Disposal of the lease	(865)	–	–	(865)
Payments of lease	(7,743)	–	–	(7,743)
Interest expenses on lease liabilities	797	–	–	797
Repayments of convertible bonds . .	–	–	(86,500)	(86,500)
Effects of exchange rate changes . .	–	59	37,481	37,540
Fair value change	–	–	304,955	304,955
As at 31 December 2023	<u>12,097</u>	<u>117,073</u>	<u>2,606,808</u>	<u>2,735,978</u>
As at 1 January 2024	12,097	117,073	2,606,808	2,735,978
Proceeds from borrowings	–	235,291	–	235,291
Repayment of borrowings	–	(194,870)	–	(194,870)
Accrue interest expense on borrowings	–	4,877	–	4,877
Payment of interest expense on borrowing	–	(4,877)	–	(4,877)
Addition of the lease	2,001	–	–	2,001
Disposal of the lease	(3,119)	–	–	(3,119)
Payments of lease	(7,932)	–	–	(7,932)
Interest expenses on lease liabilities	498	–	–	498
Effects of exchange rate changes . .	–	–	47,888	47,888
Fair value change	–	–	367,245	367,245
As at 31 December 2024	<u>3,545</u>	<u>157,494</u>	<u>3,021,941</u>	<u>3,182,980</u>

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	Liabilities from financing activities			
	Lease liabilities	Borrowings	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	3,545	157,494	3,021,941	3,182,980
Proceeds from borrowings	—	230,536	—	230,536
Repayment of borrowings	—	(207,095)	—	(207,095)
Accrue interest expense on borrowings	—	8,160	—	8,160
Payment of interest expense on borrowing	—	(8,160)	—	(8,160)
Proceeds from issuance of convertible bonds	—	—	70,000	70,000
Proceeds from issuance of shares of subsidiaries to non-controlling interests	—	—	10,000	10,000
Addition of the lease	10,505	—	—	10,505
Disposal of the lease	(864)	—	—	(864)
Payments of lease	(4,100)	—	—	(4,100)
Interest expenses on lease liabilities	413	—	—	413
Effects of exchange rate changes	—	—	(79,651)	(79,651)
Fair value change	—	—	429,365	429,365
As at 31 December 2025	<u>9,499</u>	<u>180,935</u>	<u>3,451,655</u>	<u>3,642,089</u>

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties. The related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties and prices agreed in the contracts.

Name of the related parties	Nature of relationship
Xin Shida*	Associate of the Group
Beijing Juxing*	An entity controlled by key management person
OVERMARS Yongxing Jiang Holdings Limited (“OVERMARS”)	An entity controlled by key management person

* The English names of companies established in the PRC are translation of their Chinese names at the best effort of the directors of the Company as they do not have official English names.

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(a) Key management personnel compensation

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	4,887	3,445	4,137
Welfare, medical and other expenses	110	108	115
Defined contribution plan	120	120	139
Employee share schemes			
– value of employee services	2,073	391	182
	<u>7,190</u>	<u>4,064</u>	<u>4,573</u>

(b) Related party transactions

(i) Cost of auto parts and other goods

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Xin Shida	<u>119,675</u>	<u>596</u>	<u>–</u>

(ii) Sales of auto parts and other goods

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Xin Shida	<u>–</u>	<u>86</u>	<u>–</u>

(iii) Value-added services income

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Xin Shida	<u>88</u>	<u>88</u>	<u>88</u>

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(c) Balances with related parties

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Xin Shida			
Trade nature			
– Prepayments to a related party	1,428	783	100
– Contract liabilities to a related party	(77)	–	–
– Other payables to a related party (<i>Note 28</i>) . . .	(1,065)	(676)	(58)
Beijing Juxing (<i>Note 30(c)(ii)</i>)			
Non-trade nature			
– Other payables to a related party (<i>Note 28</i>) . . .	–	(40,000)	(40,000)
OVERMARS			
Non-trade nature			
– Other payables to a related party (<i>Note 28</i>) . . .	–	–	(3,200)

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors’ emoluments

The remuneration of each director of the Company paid/payable by the Group for the years ended 31 December 2023, 2024 and 2025, are set out as follows:

Year ended 31 December 2023:

Name	Director’s fee	Salaries	Employee share schemes – value of employee services	Social security and housing fund	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Mr. Jiang Yongxing	–	632	233	26	891
Mr. Zhang Wei	–	549	202	26	777
Mr. Yang Shangfu	–	572	197	26	795
Mr. Tang Zhiqiang (<i>i</i>)	–	159	–	18	177
Mr. Wu Zhijian	–	559	197	36	792
Mr. Liu Song (<i>ii</i>)	–	480	129	26	635
Non-Executive Directors					
Mr. Li Rui	–	–	–	–	–
Mr. Zhou Kui	–	–	–	–	–
Mr. Wang Xingshi	–	–	–	–	–
Mr. Sun Yelin	–	–	–	–	–
Mr. Jin Hualong (<i>iii</i>)	–	–	–	–	–
Mr. Wang Songtao (<i>iv</i>)	–	–	–	–	–
Mr. Fang Wenhao (<i>v</i>)	–	–	–	–	–
Mr. Kuang Yi (<i>vi</i>)	–	–	–	–	–
	–	2,951	958	158	4,067
	–	–	–	–	–

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Year ended 31 December 2024:

Name	Director’s fee	Salaries	Employee share schemes – value of employee services	Social security and housing fund	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive Directors					
Mr. Jiang Yongxing	–	304	–	26	330
Mr. Zhang Wei	–	241	–	26	267
Mr. Yang Shangfu	–	318	22	26	366
Mr. Wu Zhijian	–	281	–	46	327
Mr. Liu Song (ii)	–	313	–	26	339
Non-Executive Directors					
Mr. Li Rui	–	–	–	–	–
Mr. Zhou Kui	–	–	–	–	–
Mr. Wang Xingshi	–	–	–	–	–
Mr. Sun Yelin	–	–	–	–	–
Mr. Wang Songtao (iv)	–	–	–	–	–
Mr. Fang Wenhao (v)	–	–	–	–	–
Mr. Kuang Yi (vi)	–	–	–	–	–
Ms. Wu Jian (vii)	–	–	–	–	–
Mr. Huang Dongyun (viii)	–	–	–	–	–
	–	1,457	22	150	1,629
	–	–	–	–	–

Year ended 31 December 2025:

Name	Director’s fee	Salaries	Employee share schemes – value of employee services	Social security and housing fund	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive Directors					
Mr. Jiang Yongxing	–	530	–	27	557
Mr. Zhang Wei	–	515	–	27	542
Mr. Yang Shangfu	–	483	12	27	522
Mr. Wu Zhijian	–	483	–	47	530
Mr. Liu Song (ii)	–	445	29	27	501
Non-Executive Directors					
Mr. Li Rui	–	–	–	–	–
Mr. Zhou Kui	–	–	–	–	–
Mr. Wang Xingshi	–	–	–	–	–
Mr. Sun Yelin	–	–	–	–	–
Mr. Kuang Yi (vi)	–	–	–	–	–
Ms. Wu Jian (vii)	–	–	–	–	–
Mr. Huang Dongyun (viii)	–	–	–	–	–
Mr. Shen Zhizhou (ix)	–	–	–	–	–
	–	2,456	41	155	2,652
	–	–	–	–	–

(i) Mr. Tang Zhiqiang has resigned as an executive director of the Company with effect from 10 November 2023.

(ii) Mr. Liu Song was appointed as an executive director of the Company with effect from 10 November 2023.

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- (iii) Mr. Jin Hualong has resigned as a non-executive director of the Company with effect from 10 November 2023.
- (iv) Mr. Wang Songtao has resigned as a non-executive director of the Company with effect from 15 August 2024.
- (v) Mr. Fang Wenhao has resigned as a non-executive director of the Company with effect from 25 April 2024.
- (vi) Mr. Kuang Yi was appointed as a non-executive director of the Company with effect from 10 November 2023, and Mr. Kuang Yi has resigned as a non-executive director of the Company with effect from 16 July 2025.
- (vii) Ms. Wu Jian was appointed as a non-executive director of the Company with effect from 25 April 2024.
- (viii) Mr. Huang Dongyun was appointed as a non-executive director of the Company with effect from 15 August 2024.
- (ix) Mr. Shen Zhizhou was appointed as a non-executive director of the Company with effect from 16 July 2025.

(b) Directors’ retirement and termination benefits

No retirement or termination benefits have been paid to the Company’s directors during the Track Record Period.

(c) Consideration provided to third parties for making available directors’ services

No consideration was provided to third parties for making available directors’ services during the Track Record Period.

(d) Information about loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(e) Directors’ material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group’s business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

34 NOTES TO THE COMPANY BALANCE SHEET

(a) Investments in subsidiaries

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	1,443,619	1,631,380	1,636,465
Additions	187,761	5,085	3,100
At the end of the year	<u>1,631,380</u>	<u>1,636,465</u>	<u>1,639,565</u>

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(b) Cash and cash equivalents

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank	132	39	37

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
USD	132	39	37

(c) Redeemable convertible preferred shares

Redeemable convertible preferred shares as at 31 December 2023, 2024 and 2025 are disclosed in Note 30(a).

(d) Other reserves

	Other reserves				
	Share-based compensation reserve	Share premium	Other reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	43,018	9,544	217,306	(816,304)	(546,436)
Loss for the period	–	–	–	(436,183)	(436,183)
Currency translation difference . .	–	–	(39,450)	–	(39,450)
Share option schemes-value of employee services	19,157	–	–	–	19,157
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	127,001	–	127,001
As at 31 December 2023	62,175	9,544	304,857	(1,252,487)	(875,911)
As at 1 January 2024	62,175	9,544	304,857	(1,252,487)	(875,911)
Loss for the period	–	–	–	(318,339)	(318,339)
Currency translation difference . .	–	–	(47,364)	–	(47,364)
Share option schemes-value of employee services	5,085	–	–	–	5,085
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	(48,754)	–	(48,754)
As at 31 December 2024	67,260	9,544	208,739	(1,570,826)	(1,285,283)
As at 1 January 2025	67,260	9,544	208,739	(1,570,826)	(1,285,283)
Loss for the period	–	–	–	(346,872)	(346,872)
Currency translation difference . .	–	–	78,876	–	78,876
Share option schemes-value of employee services	3,100	–	–	–	3,100
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	(86,535)	–	(86,535)
As at 31 December 2025	70,360	9,544	201,080	(1,917,698)	(1,636,714)

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(e) Trade and other payables

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due to related parties	—	363	4,511
Payables for [REDACTED] expenses	—	—	4,774
	—	363	9,285
	=	=	=

(f) Prepayments

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred [REDACTED] expenses	—	363	1,340
	=	=	=

(g) Borrowings

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Bank borrowings			
– Unsecured but guaranteed	—	—	853
	=	=	=

35 CONTINGENCIES

The Group did not have material contingent liabilities outstanding as at 31 December 2023, 2024 and 2025.

36 EVENTS AFTER BALANCE SHEET DATE

[Save as disclosed in note 30(a) to the Historical Financial Information, there were no other material subsequent events took place up to the date of this report.]

37 SUMMARY OF OTHER ACCOUNTING POLICIES

37.1 Subsidiaries

37.1.1 Consolidation

Subsidiaries are all entities (including VIE companies and their subsidiaries) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, accounting policies by subsidiaries have been changed to conform to the Group’s accounting policies.

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(a) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

37.1.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

37.2 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates

Investments in associates are accounted for using the equity method of accounting in accordance with IAS 28. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee and the share of other comprehensive income of the investee after the date of acquisition. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. The Group’s investments in these associates include goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group’s share of the net fair value of the associate’s identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of the associates’ post-acquisition profit or loss is recognized in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to “share of profits/(losses) of investments accounted for using the equity method” in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group’s consolidated financial statements only to the extent of unrelated investor’s interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Gain or losses on dilution of equity interest in associates are recognized in profit or loss.

37.3 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“Functional Currency”). The Functional Currency of the Company is United States dollars. Group companies including Casstime WFOE and Structured Entities were incorporated in the PRC and these entities considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group has determined RMB as its presentation currency and presented its consolidated financial statements in RMB (unless otherwise stated).

(ii) *Transactions and balances*

Transactions in a currency other than Functional Currency are translated into Functional Currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within “finance costs”. All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of profit or loss within “other (losses)/gains — net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the consolidated statement of financial position as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income (“FVOCI”), are included in other comprehensive income.

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of RMB are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting currency translation differences are recognized as a separate component of other comprehensive income.

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On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

37.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

37.5 Intangible assets

(i) Other intangible assets

Other intangible assets mainly include software purchased from third parties. They are initially recognized and measured at cost or fair value if they are acquired in business combinations. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Research and development

All research costs are charged to the statement of profit or loss as incurred.

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalized as intangible assets when recognition criteria are fulfilled. These criteria include: (1) it is technically feasible to complete the software product so that it will be available for use; (2) management intends to complete the software product and use or sell it; (3) there is an ability to use or sell the software product; (4) it can be demonstrated how the software product will generate probable future economic benefits; (5) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and (6) the expenditure attributable to the software product during its development can be reliably measured. Other development expenditures that do not meet those criteria are recognized as expenses as incurred. There were no development costs meeting these criteria and capitalized as intangible assets for the years ended 31 December 2023, 2024 and 2025.

37.6 Impairment of non-financial assets

Goodwill that has an indefinite useful life that are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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37.7 Investment and other financial assets

37.7.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

37.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

37.7.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in “other (losses)/gains — net” together with foreign exchange gains and losses. Impairment losses, if any, are presented as separate line item in profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in “other (losses)/gains — net”.

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Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in “other (losses)/gains — net” and impairment expenses, if any, are presented as separate line item in profit or loss.

- Financial assets at fair value through profit or loss (“FVPL”): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within “other (losses)/gains — net” in the period in which it arises.

37.7.4 Impairment

The Group has following assets subject to IFRS 9’s new expected credit loss model:

- Trade and other receivables;
- Restricted cash;
- Cash and cash equivalents;
- Financial guarantee contracts

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all trade receivables.

The Group assesses on a forward looking basis the ECL associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment on other receivables is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL. To manage risk arising from cash and cash equivalents, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Impairment testing of financial assets is described in Note 3.1(b).

37.8 Inventories

Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

37.9 Trade and other receivables

Trade and other receivables mainly consist of receivables from auto parts distributors, deposits, loan to employees, receivables from automotive service workshops, etc. If collection of other receivables is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See Note 37.7.4 for a description of the Group’s impairment policy for trade and other receivables.

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37.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

37.11 Share capital

Ordinary shares are classified as equity. Preferred Shares are classified as liabilities (see Note 30).

37.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables mainly consist of amounts payable to auto parts distributors.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

37.13 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

37.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

37.15 Current and deferred income tax

The tax credits for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business

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combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

37.16 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organized by the relevant governmental authorities. The Group’s liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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37.17 Share-based benefits

As disclosed in Note 27, the Group operates several equity-settled share-based compensation plans (including share option scheme), under which the Group receives services from its employees in exchange for the equity instruments of the Company. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- Including any market performance conditions (e.g., the entity’s share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and retention periods of an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holdings shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment made to equity.

37.18 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for further operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

37.19 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

37.20 Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

37.21 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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37.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO of the Company that makes strategic decisions.

37.23 Dividend distribution

Dividend distribution to the Company’s shareholders is recognized as a liability in the Group’s and the Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders or directors, where appropriate.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report.