The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

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

For the purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We are a leading used vehicle transaction platform in China, committed to becoming the most trusted company in the industry. We ranked first among Chinese used vehicle transaction platforms based on GMV in 2025, capturing a market share of 3.8%, according to Frost & Sullivan. In response to the structural challenges of a fragmented market, non-standardized transaction processes and subpar customer service in China's used vehicle industry, we have developed Taocheche Cooperation Network (TCN), a proprietary, data-driven smart operational framework that integrates online and offline experiences. Embedded within TCN is our proprietary "AI Brain," a suite of purpose-built AI tools spanning intelligent dialogue, analytics, content generation, vehicle support systems, and dynamic pricing, which collectively integrate perception, decision-making, and execution capabilities across the entire transaction workflow. This closed-loop framework standardizes processes and enables scalable, intelligent operations across the entire transaction process, providing customers with reliable access to quality used vehicles.

Our standardized transaction system aggregates various vehicle sources — from individual car owners to businesses — and applies AI and big data to deliver precise evaluations of used vehicles. By integrating online customer acquisition with offline fulfillment, we streamline the purchase experience, making high-quality used vehicles readily accessible to both individual consumers and institutional customers. Combined with value-added services that span the transaction process, we provide comprehensive solutions that deliver a closed-loop, standardized and trusted experience.

During the Track Record Period, we generate revenue from our retail and wholesale businesses, as well as provision of platform services. We have achieved strong operational and financial growth during the Track Record Period, demonstrating robust scalability of our business model. The total transaction volume on our platform increased from 105,937 in 2023 to 139,504 in 2024 and reached 191,487 in 2025. Our total revenue increased by 23.5% from RMB4,428.8 million in 2023 to RMB5,470.6 million in 2024, and further increased by 21.8% to RMB6,662.4 million in 2025. Our gross profit grew by 41.0% from RMB417.1 million in 2023 to RMB588.1 million in 2024, and further grew by 15.5% to reach RMB679.3 million in 2025. We recorded an adjusted EBITDA (non-IFRS measure) of negative RMB2.1 million, RMB38.0 million and RMB9.2 million in 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION AND PRESENTATION

The historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policies adopted are set out in Note 2 to the Accountants' Report included in Appendix I to this document.

The IASB has issued a number of revised IFRS Accounting Standards. For the purpose of preparing this historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The new and revised accounting standards and interpretations issued but not yet effective and adopted by us for the accounting period beginning on January 1, 2025 are set out in Note 30 to the Accountants' Report included in Appendix I to this document.

As of 31 December 2025, we had net current liabilities and net liabilities of RMB5,205.4 million and RMB4,322.8 million, respectively, primarily due to several rounds of financing by issuing the convertible notes and convertible redeemable preferred shares, which were recognized as financial liabilities of RMB2,720.6 million and RMB2,053.1 million as of December 31, 2025. The related convertible notes were converted into convertible redeemable preferred shares in April 2026 and the redemption rights for the convertible redeemable preferred shares would be terminated, and these liabilities would be converted into equity upon [**REDACTED**]. Taking the above into consideration, and together with cashflow forecast for twelve months from December 31, 2025, our Directors are of the opinion that we have sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, our Directors consider it is appropriate to prepare the historical financial information on a going concern basis.

KEY OPERATING METRICS

We derive revenues from sales of used vehicles to retail and wholesale customers as well as from provision of services to ecosystem partners. To assess our business performance, we regularly review a number of key operating metrics that are presented in the following table for the years or as of the dates indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Total transaction volume	**105,937**	**139,504**	**191,487**
Number of vehicles sold	**47,112**	**61,521**	**85,418**
Retail	38,310	53,998	71,162
Wholesale	8,802	7,523	14,256
Number of vehicles under service coverage(1)	**58,825**	**77,983**	**106,069**

	As of December 31,		
	2023	2024	2025
Vehicle display positions	**5,779**	**7,665**	**9,294**

Note:

(1) Represents vehicles under our value-added services in connection with our retail business and platform services.

Revenue from used vehicle retail business accounted for 64.5%, 69.2% and 65.4% of our total revenue in 2023, 2024 and 2025, the growth of which was primarily driven by growing retail sales volume. The number of vehicles sold through our retail business was 38.3 thousand, 54.0 thousand and 71.2 thousand vehicles in 2023, 2024 and 2025, respectively. This growth was primarily supported by (i) our efforts to upgrade existing sales centers into higher-capacity flagship centers, which increased our vehicle display positions to 9.3 thousand as of December 31, 2025, (ii) a broader selection of vehicles offered to customers, and (iii) our continued expansion across new media channels, which broadened our customer reach.

Revenue from wholesale vehicle sales accounted for 20.4%, 12.2% and 17.9% of our total revenue in 2023, 2024 and 2025, respectively. Fluctuations in wholesale revenue were primarily attributable to changes in wholesale volume, with 8.8 thousand, 7.5 thousand and 14.3 thousand vehicles sold to wholesale customers in 2023, 2024 and 2025, respectively. The decrease in wholesale volume in 2024 was mainly due to our strategic scaling back of our wholesale vehicle sales in both domestic and overseas markets amid an overall decline in vehicle market prices. The rebound in 2025 was primarily driven by our efforts to establish business relationships with large institutional sellers and buyers.

In addition to vehicle sales, we generated revenue from value-added services and platform services. Revenue from service offerings increased during the Track Record Period, primarily attributable to an increase in the number of successful referrals to third-party auto financing providers regarding leads of financing demand. This was reflected in the growth in the number of vehicles under our service coverage, which increased from 58.8 thousand in 2023 to 78.0 thousand in 2024, and further to 106.1 thousand in 2025.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, influenced by a variety of external and internal factors. General factors beyond our control include: (i) overall economic conditions — including employment levels, consumer confidence, inflation, and interest rates — which affect customer demand and vehicle affordability; (ii) volatility in wholesale and retail new- and used-vehicle prices driven by supply-and-demand dynamics and price competition; (iii) heightened competition in local markets and from online platforms; (iv) shifts in consumer preferences that may change demand for certain vehicle types; (v) changes in applicable laws, regulations, and enforcement priorities relating to vehicle sales, advertising, financing, consumer protection, privacy, emissions, and title requirements; and (vi) disruptions from natural disasters, geopolitical developments, tariffs, or other market shocks that may affect inventory availability, pricing, and logistics.

In addition, our business, results of operations, and financial condition are affected by company-specific factors, which primarily include:

Our Ability to Source Quality Used Vehicles

Our results of operations depend materially on our ability to secure a stable supply of quality used vehicles at attractive prices and in sufficient volume. A consistent inventory pipeline supports revenue growth and improves inventory turnover, while reducing the risk of margin compression caused by overpaying for vehicles or relying on more volatile sourcing channels.

We benefit from an omni-channel network that integrates our offline sales centers in China with a robust online platform. We operated a nationwide offline network of 62 sales centers as of December 31, 2025, enabling broad vehicle sourcing. Our platform, as of December 31, 2025, had cumulatively covered a total of 255 brands and 2,426 models. As we continue to scale, we expect to broaden our coverage across vehicle types and price points, enabling a more balanced, demand-aligned inventory mix. To further strengthen sourcing capabilities, we plan to expand both online and offline channels and continuously refine our intelligent pricing models to provide transparent and efficient services that attract individual car owners to supply high-quality vehicles.

We also collaborate with institutional partners, including car rental companies, automotive OEMs, auto dealers, and finance leasing companies, to secure a more stable supply. These relationships can provide access to bulk inventory with greater predictability and diversify sourcing channels, supporting more resilient operations across market cycles.

Our Ability to Attract Consumers and Improve Conversion Rates

Our used vehicle retail business contributed the majority of our revenue during the Track Record Period and is expected to remain a significant revenue contributor in the foreseeable future. Accordingly, our growth and profitability are significantly influenced by our ability to attract prospective buyers and convert them into transactions. Conversion performance affects not only revenue, but also marketing efficiency and operating leverage. If increases in traffic do not translate into improved conversion, our customer acquisition costs may rise and profitability may be adversely affected.

Our integrated online-and-offline model, supported by nationwide fulfillment capabilities, enhances visibility and provides customers with a more convenient and streamlined transaction experience — from online discovery to offline inspection, delivery, and related services. Our scale is reflected in our transaction volume: we ranked first among Chinese used vehicle transaction platforms by GMV in 2025, with a market share of 3.8%, according to Frost & Sullivan. Our historical GMV indicates market recognition, which can reinforce growth through network effects by increasing brand exposure and generating more word-of-mouth referrals, potentially reducing reliance on paid marketing over time and improving the quality of inbound traffic.

We also continue to strengthen our branding and improve conversion through targeted marketing and engagement initiatives. By actively engaging on social media and collaborating with MCNs and other content-driven partners, we aim to reach customers more effectively, communicate our value proposition, and enhance consumer understanding of our vehicle quality standards and service offering.

Our Ability to Deepen Collaboration with Domestic and Overseas Auto Dealers

Our business and results of operations are also affected by the strength of our relationships with auto dealers, which support both transaction volume and service revenue. In our wholesale business, we primarily sell used vehicles to auto dealers across China and in overseas markets. We also provide platform services to auto dealers to help them improve operations. This allows us to extend our capabilities across a broader ecosystem and generate service-based revenue streams.

Stable and mutually beneficial relationships with auto dealers help diversify revenue beyond retail transactions and provide an additional channel to monetize vehicles that may be less suitable for our retail customers. These relationships may also expand our reach to consumers served by auto dealers networks, support higher transaction volume, and improve inventory turnover, which can positively affect cash flow and profitability.

Our Ability to Improve Gross Margin

During the Track Record Period, our gross margin improved from 9.4% in 2023 to 10.8% in 2024, and then decreased to 10.2% in 2025. Our overall margin performance is primarily driven by the respective margins of our vehicle sales and our provision of services.

For vehicle sales, we generate gross profit primarily from the spread between the retail selling price and the cost of revenues associated with acquiring the vehicle and preparing it for sale. To support disciplined margin management, we use an AI pricing agent to generate a baseline acquisition price and an adjustable pricing range based on market data, operational data, and vehicle-specific attributes. This data-driven approach is designed to improve alignment of our pricing with market dynamics, support faster sales, and reduce the need for subsequent discounting, thereby improving margin quality. Throughout the Track Record Period, our gross margin in the used vehicle retail business improved year over year. In 2023, 2024 and 2025, our gross margin for used vehicle retail business was 6.6%, 6.8%, and 7.1%, respectively. Our gross margin for wholesale vehicle sales improved from negative 4.0% in 2023 to 2.7% in 2024, and further to 4.1% in 2025, primarily because we strategically scaled back to limit the impact of the intensified price competition in the market in 2024 and established business relationship with large institutional sellers and buyers in 2025.

Compared with vehicle sales, our provision of services achieved significantly higher margins throughout the Track Record Period. In 2023, 2024 and 2025, our gross margin for platform services was 39.8%, 30.7% and 28.8%, respectively. As a result, the increasing contribution of service revenue during the Track Record Period supported the overall improvement in our gross margin. We plan to further enhance our collaboration with third-party auto financing service providers. However, the volume of our services may be subject to factors beyond our control. For instance, fluctuations in vehicle prices may affect consumer demand for auto-financing services as lower vehicle prices generally reduce the need for financing, which could in turn adversely affect our service revenue and margins.

Our Ability to Improve Operational Efficiency

Our results of operations depend in part on our ability to improve operational efficiency as we scale, as efficiency affects both our cost structure and operating expense levels. We aim to increase operating leverage by standardizing workflows through TCN, strengthening coordination across sourcing, inspection, sales, fulfillment, and customer service, and using technology and automation to reduce manual work, cycle times, and error rates. These initiatives can reduce customer acquisition costs through improved conversion and stronger brand-driven traffic, control overhead through centralized management and digitalized processes, and enhance productivity through continued investment in proprietary systems and AI-driven tools, thereby supporting improvement in overall profitability.

Seasonality

Our performance is subject to seasonality. Used vehicle sales typically demonstrate seasonal patterns, with demand being generally higher in the fourth quarter and before the Chinese New Year period, and relatively lower during the second and third quarters. We expect these seasonal trends to continue in the foreseeable future.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We believe that the (i) material accounting policy information in relation to revenue recognition, property and equipment, leased assets, inventories, redemption liabilities, as detailed in Note 2 of the Accountants' Report in Appendix I to this document and (ii) accounting judgments and estimates in relation to fair value measurement of financial instruments measured at FVPL, equity-settled share-based payments, and provisions for expected credit losses of receivables from default payments and guarantee liabilities, as detailed in Note 3 to the Accountants' Report in Appendix I to this document are critical and/or involve the most important estimates and judgments we used in preparing our consolidated financial statements.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Revenue	**4,428,805**	**100.0**	**5,470,571**	**100.0**	**6,662,372**	**100.0**
Cost of revenues	(4,011,751)	(90.6)	(4,882,458)	(89.2)	(5,983,104)	(89.8)
Gross profit	**417,054**	**9.4**	**588,113**	**10.8**	**679,268**	**10.2**
Other income and expenses, net	4,910	0.1	6,421	0.1	4,555	0.1
Selling and marketing expenses	(524,405)	(11.8)	(601,727)	(11.0)	(667,335)	(10.0)
General and administrative expenses	(58,463)	(1.3)	(77,183)	(1.4)	(219,362)	(3.3)
Research and development expenses	(38,485)	(0.9)	(44,862)	(0.8)	(44,132)	(0.7)
Credit loss on guarantee liabilities and trade and other receivables	(5,867)	(0.1)	(15,494)	(0.3)	(47,231)	(0.7)
Loss from operations	**(205,256)**	**(4.6)**	**(144,732)**	**(2.6)**	**(294,237)**	**(4.4)**
Financing related expenses	(311,657)	(7.0)	(225,676)	(4.2)	(403,887)	(6.1)
Changes in the carrying amount of redemption liabilities	(174,989)	(4.0)	(202,662)	(3.7)	(219,019)	(3.3)
Loss before taxation	**(691,902)**	**(15.6)**	**(573,070)**	**(10.5)**	**(917,143)**	**(13.8)**
Income tax (expense)/benefit	(3,634)	(0.1)	(906)	–	218	–
Loss for the year	**(695,536)**	**(15.7)**	**(573,976)**	**(10.5)**	**(916,925)**	**(13.8)**

NON-IFRS MEASURES

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net loss (non-IFRS measure) as additional financial measures. We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of items.

We believe these measures provide useful information to [**REDACTED**] and others in understanding and evaluating our consolidated statements of profit or loss and other comprehensive income in the same manner as they help our management. However, our presentation of EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitutes for an analysis of, our consolidated statements of profit or loss and other comprehensive income or financial condition as reported under IFRS Accounting Standards.

We define EBITDA (non-IFRS measure) as loss for the year excluding interest on lease liabilities, other financial charges, interest on borrowings, accrued financial charges of convertible notes, changes in fair value on the derivative components of convertible notes, income tax expense/(benefit), and depreciation and amortization. We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure) excluding share-based payment expenses, [**REDACTED**] expenses and changes in the carrying amount of redemption liabilities. We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for share-based payment expenses, [**REDACTED**] expenses, changes in the carrying amount of redemption liabilities, accrued financial charges of convertible notes and changes in fair value on the derivative components of convertible notes.

The following table reconciles our EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net loss (non-IFRS measure) for the years indicated to our loss for the year.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	**(695,536)**	**(573,976)**	**(916,925)**
Add:			
Interest on lease liabilities	3,186	4,054	2,668
Interest on borrowings	20,237	28,880	35,466
Accrued financial charges of convertible notes	48,327	56,711	64,688
Changes in fair value on the derivative components of convertible notes	229,520	120,616	285,560
Other financial charges	11,415	12,075	12,736
Income tax expense/(benefit)	3,634	906	(218)
Depreciation and amortization	202,103	186,034	163,245
EBITDA (non-IFRS measure)	**(177,114)**	**(164,700)**	**(352,780)**

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Add:			
Share-based payment expenses	–	–	141,148
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Changes in the carrying amount of redemption liabilities	174,989	202,662	219,019
Adjusted EBITDA (non-IFRS measure)	**(2,125)**	**37,962**	**9,186**
Loss for the year	**(695,536)**	**(573,976)**	**(916,925)**
Add:			
Share-based payment expenses	–	–	141,148
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Changes in the carrying amount of redemption liabilities	174,989	202,662	219,019
Accrued financial charges of convertible notes	48,327	56,711	64,688
Changes in fair value on the derivative components of convertible notes	229,520	120,616	285,560
Adjusted net loss (non-IFRS measure)	**(242,700)**	**(193,987)**	**(204,711)**

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We generate revenue from (i) used-vehicle retail business (including used-vehicle sales and related added-value services), (ii) wholesale vehicle sales, and (iii) platform services. Our revenue totaled RMB4,428.8 million, RMB5,470.6 million and RMB6,662.4 million in 2023, 2024 and 2025, respectively.

Revenue by Business Line

The following table sets forth a breakdown of our revenue by business line for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Revenue						
Used vehicle retail business	2,856,453	64.5	3,785,883	69.2	4,355,014	65.4
Wholesale vehicle sales	903,541	20.4	669,687	12.2	1,194,224	17.9
Platform services	668,811	15.1	1,015,001	18.6	1,113,134	16.7
Total	**4,428,805**	**100.0**	**5,470,571**	**100.0**	**6,662,372**	**100.0**

Used vehicle retail business. Revenue from the used vehicle retail business comprises revenue from (i) retail vehicle sales and (ii) the provision of value-added services in connection with such retail sales. Retail vehicle sales primarily represent the gross amount from the sale of used vehicles to retail customers. Revenue from used vehicle sales is recognized when the customer obtains control of the vehicles. Revenue from retail vehicle sales amounted to RMB2,745.1 million, RMB3,590.7 million and RMB4,134.4 million in 2023, 2024 and 2025, respectively. Revenue from value-added services primarily consists of referral service fees we charge to third-party auto financing service providers for referring to them our retail customers seeking installment payment options. Revenue from value-added services was RMB111.4 million, RMB195.2 million, and RMB220.6 million in 2023, 2024, and 2025, respectively.

Wholesale vehicle sales. Revenue from wholesale vehicle sales primarily represents the gross amount from bulk sales of used vehicles to auto dealers. The vehicles we sell in bulk are acquired primarily from institutional counterparties, including car rental companies, automotive OEMs, auto dealers and finance leasing companies, and to a lesser extent, from individual consumers. Factors affecting wholesale sales include the number of wholesale units sold and the average wholesale selling price of these vehicles. The average selling price of our wholesale units is primarily affected by the price competition in both the new and used vehicle markets.

Platform services. Revenue from platform services primarily consists of success-based referral fees we charge to third-party auto financing service providers for referring to them individual vehicle purchasers seeking installment payment options. Such purchaser leads are sourced from, and referred to us by, auto dealers. To a lesser extent, platform services revenue also includes service fees paid by dealer partners for our vehicle sourcing solutions, marketing services, operational management tools, new energy vehicle battery assessment services, and maintenance record inquiry, inspection and other related services.

Revenue by Nature of Offering

Our sales are broadly categorized into two categories based on the nature of our offerings: (i) sales of used vehicles, and (ii) provision of services. During the Track Record Period, sales of used vehicles were our primary source of revenue, comprising mainly gross amount from the sale of used vehicles to retail customers and wholesale dealers. To a lesser extent, we generated revenue from provision of services during the Track Record Period, mainly through value-added services in connection with our retail business and platform services provided to ecosystem partners. The following table sets forth a breakdown of our revenue by nature of offerings for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Revenue						
Sales of used vehicles	3,648,684	82.4	4,260,377	77.9	5,328,666	80.0
Provision of services	780,121	17.6	1,210,194	22.1	1,333,706	20.0
Total	**4,428,805**	**100.0**	**5,470,571**	**100.0**	**6,662,372**	**100.0**

Revenue by Geographical Location

During the Track Record Period, we primarily derived revenue from sales in Chinese mainland, while expanding our overseas sales through wholesale vehicle sales, primarily in the Middle East and African markets. The following table sets forth a breakdown of our revenue by geographical location of our customers for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Revenue						
Chinese mainland	4,088,279	92.3	5,215,606	95.3	6,270,809	94.1
Other jurisdictions	340,526	7.7	254,965	4.7	391,563	5.9
Total	**4,428,805**	**100.0**	**5,470,571**	**100.0**	**6,662,372**	**100.0**

Cost of Revenues

Our cost of revenues primarily consists of (i) vehicle procurement costs, including vehicle purchasing, warehousing, reconditioning and logistic expenses, (ii) leads acquisition costs related to successful referrals to third-party auto financing service providers, and (iii) others, primarily including payroll and employee benefits for personnel responsible for vehicle procurement, as well as depreciation and amortization. The following table sets forth a breakdown of our cost of revenues by nature in an absolute amount and as a percentage of our total cost of revenues for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Cost of revenues						
Vehicle procurement costs	3,593,231	89.6	4,163,037	85.3	5,169,428	86.4
Leads acquisition cost	353,719	8.8	653,550	13.4	756,900	12.7
Others	64,801	1.6	65,871	1.3	56,776	0.9
Total	**4,011,751**	**100.0**	**4,882,458**	**100.0**	**5,983,104**	**100.0**

The following table sets forth a breakdown of our cost of revenues by business line in an absolute amount and as a percentage of our total cost of revenues for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Cost of revenues						
Used vehicle retail business	2,669,156	66.5	3,526,902	72.2	4,044,164	67.6
Wholesale vehicle sales	939,781	23.5	651,898	13.4	1,145,843	19.1
Platform services	402,814	10.0	703,658	14.4	793,097	13.3
Total	**4,011,751**	**100.0**	**4,882,458**	**100.0**	**5,983,104**	**100.0**

Gross Profit and Gross Margin

As a result of the foregoing, in 2023, 2024 and 2025, our gross profit was RMB417.1 million, RMB588.1 million and RMB679.3 million, respectively, representing a gross margin of 9.4%, 10.8% and 10.2%, respectively.

Gross Profit and Gross Margin by Business Line

The following table sets forth the breakdown of our gross profit by business line and the corresponding gross margin for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Gross profit and gross margin						
Used vehicle retail business	187,297	6.6	258,981	6.8	310,850	7.1
Wholesale vehicle sales	(36,240)	(4.0)	17,789	2.7	48,381	4.1
Platform services	265,997	39.8	311,343	30.7	320,037	28.8
Total	**417,054**	**9.4**	**588,113**	**10.8**	**679,268**	**10.2**

Other Income and Expenses, Net

Our other income and expenses, net mainly consists of interest income and other miscellaneous loss or income, primarily including government subsidies and gain or loss on disposal of property and equipment. We recorded other income and expenses, net of RMB4.9 million, RMB6.4 million and RMB4.6 million in 2023, 2024 and 2025, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) payroll and employee benefits for our sales and marketing personnel, (ii) advertising and marketing expenses incurred for online and offline marketing activities, (iii) depreciation and amortization, and (iv) others, mainly including property management fees, and travel and transportation expenses associated with our sales and marketing personnel.

The following table sets forth a breakdown of our selling and marketing expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Selling and marketing expenses						
Payroll and employee benefits	291,515	55.6	346,162	57.5	433,241	64.9
Advertising and marketing expenses	73,898	14.1	111,275	18.5	91,098	13.7
Depreciation and amortization	139,018	26.5	125,641	20.9	113,067	16.9
Others	19,974	3.8	18,649	3.1	29,929	4.5
Total	**524,405**	**100.0**	**601,727**	**100.0**	**667,335**	**100.0**

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) payroll and employee benefits for our management and administrative personnel, (ii) depreciation and amortization, (iii) transportation and travel expenses, (iv) [**REDACTED**] expenses, (v) consulting service fees, (vi) property management fees, and (vii) others, mainly including office expenses associated with our general and administrative personnel.

The following table sets forth a breakdown of our general and administrative expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
General and administrative expenses						
Payroll and employee benefits	23,846	40.8	35,166	45.6	100,861	46.0
Depreciation and amortization	17,960	30.7	20,067	26.0	18,927	8.6
Transportation and travel expenses	5,701	9.8	9,451	12.2	5,378	2.5
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Consulting service fees	2,402	4.1	3,907	5.1	83,364	38.0
Property management fees	3,160	5.4	4,003	5.2	1,775	0.8
Others	5,394	9.2	4,589	5.9	7,258	3.3
Total	**58,463**	**100.0**	**77,183**	**100.0**	**219,362**	**100.0**

Research and Development Expenses

Our research and development expenses consist primarily of (i) payroll and employee benefits, (ii) technical service fees, and (iii) others, mainly including depreciation and amortization, travel and transportation expenses associated with our research and development personnel.

The following table sets forth a breakdown of our research and development expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Research and development expenses						
Payroll and employee benefits	31,739	82.5	40,277	89.8	38,903	88.2
Technical service fees	6,518	16.9	4,388	9.8	5,085	11.5
Others	228	0.6	197	0.4	144	0.3
Total	**38,485**	**100.0**	**44,862**	**100.0**	**44,132**	**100.0**

Credit Loss on Guarantee Liabilities and Trade and Other Receivables

Credit loss on guarantee liabilities and trade and other receivables comprises: (i) credit loss on guarantee liabilities, and receivables from default payments in relation to financial guarantee we used to issue for loans extended by auto-financing service providers, and (ii) credit loss on trade and other receivables excluding receivables from default payments. We recorded credit loss on guarantee liabilities and trade and other receivables of RMB5.9 million, RMB15.5 million, and RMB47.2 million in 2023, 2024 and 2025, respectively.

Financing Related Expenses

Our financing related expenses consist primarily of (i) interest on lease liabilities, (ii) other financial charges attributable to Yixin in relation to its guarantee of our historical redemption liabilities to certain investor, (iii) interest on borrowings, (iv) accrued financial charges of convertible notes, (v) changes in fair value on the derivative components of convertible notes and (vi) others, net. We recorded financing related expenses of RMB311.7 million, RMB225.7 million and RMB403.9 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our financing related expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Financing related expenses						
Interest on lease liabilities	3,186	1.0	4,054	1.8	2,668	0.7
Interest on borrowings	20,237	6.4	28,880	12.8	35,466	8.8
Accrued financial charges of convertible notes	48,327	15.5	56,711	25.1	64,688	16.0
Changes in fair value on the derivative components of convertible notes	229,520	73.6	120,616	53.5	285,560	70.7

	For the Year Ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Other financial charges	11,415	3.7	12,075	5.4	12,736	3.2
Others, net	(1,028)	(0.2)	3,340	1.4	2,769	0.6
Total	**311,657**	**100.0**	**225,676**	**100.0**	**403,887**	**100.0**

Changes in the Carrying Amount of Redemption Liabilities

Changes in the carrying amount of redemption liabilities are attributable to the redemption rights granted to certain independent investors under various agreements entered into in connection with our historical financing. We recorded changes in the carrying amount of redemption liabilities of RMB175.0 million, RMB202.7 million and RMB219.0 million in 2023, 2024 and 2025, respectively.

Income Tax (Expense)/Benefit

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities of our Group are domiciled and operate. We recorded income tax expense of RMB3.6 million and RMB0.9 million in 2023 and 2024, respectively, and income tax benefit of RMB0.2 million in 2025. For details, see Note 7 to the Accountants' Report included in Appendix I to this document.

Cayman Islands

Under the current laws of the Cayman Islands, we are not subject to tax on either income or capital gain.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, our subsidiary in Hong Kong is subject to Hong Kong Profits Tax at the rate of 16.5% of the estimated assessable profit generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first Hong Kong Dollar ("HKD") 2.0 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%), whilst the remaining profits will continue to be taxed at 16.5%. No provision for Hong Kong Profits Tax has been made, as our subsidiary incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax during the Track Record Period.

Chinese Mainland

Under the PRC Corporate Income Tax ("CIT") Law, our subsidiaries and VIEs established in the PRC (excluding Hong Kong) are subject to a unified statutory CIT rate of 25%, unless otherwise specified. Under the CIT Law, preferential tax treatments will be granted to entities which conduct businesses in certain encouraged sectors and to entities otherwise classified as "High and New Technology Enterprises" ("HNTE"). An entity could re-apply for the HNTE certificate when the prior certificate expires.

Beijing Taoche Technology Co., Ltd., one of our subsidiaries, has been qualified as HNTE since 2021 and enjoyed a preferential income tax rate of 15% for the fiscal years from 2021 to 2023. It re-applied for the HNTE certificate in 2024 and also enjoyed the tax rate of 15% from 2024 to 2026. Beijing Haoche Shuaishuai Technology Co., Ltd., one of the Group's subsidiaries, has been qualified as HNTE since July 2020 and enjoyed a preferential income tax rate of 15% for the fiscal years from 2020 to 2022. It re-applied for the HNTE certificate in December 2025 and also enjoyed the tax rate of 15% from 2025 to 2027.

In addition, our subsidiaries and VIEs are entitled to an additional tax deductible allowance calculated at 100% of the qualified research and development expenses incurred in corresponding period. Interest income derived by our Group's subsidiary in Hong Kong from the Chinese mainland is subject to CIT on a withholding basis at rate of 10%.

Dubai

Under the current Dubai Corporate Tax Law (effective June 1, 2023), our subsidiary in Dubai is subject to Dubai Corporate Tax at the rate of 9% of the estimated taxable profit generated from its operations in Dubai. Corporate tax is applicable to (amongst others) legal persons in the UAE at the rate of 9% on taxable income above Arab Emirates Dirham ("AED") 375,000. No provision for Dubai Corporate Tax has been made, as our subsidiary incorporated in Dubai did not have any taxable profits for the Track Record Period.

Nigeria

Under the current Nigerian Companies Income Tax Act (CITA), our Group's subsidiary in Nigeria is subject to Companies Income Tax (CIT) at the rate of 30% of the estimated taxable profit generated from its operations in Nigeria. Corporate income tax is applicable to (amongst others) legal persons in Nigeria at the standard rate of 30% on taxable profits. No provision for Nigeria Companies Income Tax has been made, as our Group's subsidiary incorporated in Nigeria did not have any taxable profits for the Track Record Period.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 21.8% from RMB5,470.6 million in 2024 to RMB6,662.4 million in 2025, driven by growth across all business lines, reflecting the following performance:

Revenue by business line

- *Used vehicle retail business.* Revenue from used vehicle retail business increased by 15.0% from RMB3,785.9 million in 2024 to RMB4,355.0 million in 2025. This was primarily driven by an approximately 31.8% increase in retail sales volume, from 54.0 thousand units in 2024 to 71.2 thousand units in 2025. This growth resulted from our continued efforts to upgrade existing sales centers into higher-capacity flagship centers and our continued expansion in new media channels that enabled us to reach a wider pool of potential customers. The increase was partially offset by a decline in revenue per unit, as intensified competition in China's new vehicle market further suppressed used vehicle market prices.

- *Wholesale vehicle sales*. Revenue from wholesale vehicle sales increased by 78.3% from RMB669.7 million in 2024 to RMB1,194.2 million in 2025. This was mainly driven by an approximately 89.5% increase in wholesale sales volume, from 7.5 thousand units in 2024 to 14.3 thousand units in 2025. This growth resulted from our efforts to establish business relationships with large institutional sellers and buyers to secure more stable vehicle supply and demand, as well as our continued focus on driving sales growth in the Middle East and African markets.

- *Platform services*. Revenue from platform services increased by 9.7% from RMB1,015.0 million in 2024 to RMB1,113.1 million in 2025, primarily attributable to an increase in the number of successful referrals to third-party auto financing service providers regarding leads of financing demand.

Revenue by nature of offerings

- *Sales of used vehicles*. Revenue from sales of used vehicles increased by 25.1% from RMB4,260.4 million in 2024 to RMB5,328.7 million in 2025, primarily driven by an increase in vehicle sales across both our retail and wholesale businesses.

- *Provision of services*. Revenue from provision of services increased by 10.2% from RMB1,210.2 million in 2024 to RMB1,333.7 million in 2025, primarily attributable to an increase in number of vehicles under our value-added services and platform services, which increased from 78.0 thousand units in 2024 to 106.1 thousand units in 2025.

Revenue by Geographical Location

- *Chinese mainland.* Our revenue from customers located in Chinese mainland increased by 20.2% from RMB5,215.6 million in 2024 to RMB6,270.8 million in 2025, primarily driven by the growth of all our business lines in Chinese mainland, including an increase of RMB569.1 million in revenue from the used vehicle retail business, RMB387.9 million from wholesale vehicle sales to customers in Chinese mainland, and RMB98.1 million from platform services.

- *Other jurisdictions.* Our revenue from customers located in other jurisdictions increased by 53.6% from RMB255.0 million in 2024 to RMB391.6 million in 2025, mainly due to an increase in overseas sales volume as our overseas operations stabilized following the strategic refocusing on the Middle East and African markets.

Cost of Revenues

Our cost of revenues increased by 22.5% from RMB4,882.5 million in 2024 to RMB5,983.1 million in 2025, which was primarily attributable to the change in our transaction volumes, as more than 80% of cost revenue was attributable to vehicle procurement costs.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 15.5% from RMB588.1 million in 2024 to RMB679.3 million in 2025 while our gross margin decreased from 10.8% in 2024 to 10.2% in 2025, reflecting the following performance across our business lines:

- *Used vehicle retail business.* Gross profit from used vehicle retail business increased by 20.0% from RMB259.0 million in 2024 to RMB310.9 million in 2025, and gross margin from used vehicle retail business increased from 6.8% in 2024 to 7.1% in 2025. This was primarily attributable to AI application to optimize vehicle pricing and more favorable terms with auto financing providers as a result of our growing market presence.

- *Wholesale vehicle sales.* Gross profit from wholesale vehicle sales increased by 171.9% from RMB17.8 million in 2024 to RMB48.4 million in 2025, and gross margin from wholesale vehicle sales increased from 2.7% in 2024 to 4.1% in 2025. This was primarily driven by our efforts to establish business relationships with large institutional sellers and buyers to secure more stable vehicle supply and demand.

- *Platform services*. Gross profit from platform services increased by 2.8% from RMB311.3 million in 2024 to RMB320.0 million in 2025, and gross margin from platform services decreased from 30.7% in 2024 to 28.8% in 2025, primarily attributable to increased lead acquisition costs amid intensified competition for leads of vehicle purchasers seeking auto financing services.

Other Income and Expenses, Net

Our other income and expenses, net decreased by 28.1% from RMB6.4 million in 2024 to RMB4.6 million in 2025, primarily attributable to changes in interest income.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 10.9% from RMB601.7 million in 2024 to RMB667.3 million in 2025, primarily because our increased number of display positions required more staff and caused higher staff costs, and the livestreaming service we promoted also triggered an increase in staff costs.

General and Administrative Expenses

Our general and administrative expenses increased by 184.2% from RMB77.2 million in 2024 to RMB219.4 million in 2025, primarily due to (i) the recognition of share-based payment expenses of RMB141.1 million in 2025, compared to nil in 2024, and (ii) an increase of payroll and employee benefits due to the increase of management and administrative headcount for business expansion.

Research and Development Expenses

Our research and development expenses remained relatively stable with RMB44.9 million in 2024 and RMB44.1 million in 2025.

Credit Loss on Guarantee Liabilities and Trade and Other Receivables

We recorded credit loss on guarantee liabilities and trade and other receivables of RMB47.2 million in 2025, compared to RMB15.5 million in 2024, primarily due to an increase in credit losses on guarantee liabilities and receivables from default payments as our business expanded, which led to a higher number of transactions and principal amount covered by such guarantees.

Financing Related Expenses

Our financing related expenses increased by 79.0% from RMB225.7 million in 2024 to RMB403.9 million in 2025, primarily due to (i) an increase in the fair value changes on the derivative components of convertible notes from RMB120.6 million in 2024 to RMB285.6 million in 2025 in line with the increase of our Company valuation, (ii) an increase in accrued financial charges of convertible notes denominated in USD from RMB56.7 million in 2024 to RMB64.7 million in 2025 due to the appreciation of USD against RMB in 2025, and (iii) an increase in interest on borrowings from RMB28.9 million in 2024 to RMB35.5 million in 2025 as our total interest-bearing liabilities increased.

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities of RMB219.0 million in 2025, compared to RMB202.7 million in 2024. The increase was primarily due to the increase of the present value of the redemption amount for the redemption liabilities.

Income Tax (Expense)/Benefit

We recorded income tax benefit of RMB0.2 million in 2025, compared to income tax expense of RMB0.9 million in 2024, primarily due to the recognition of deferred tax benefits.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 59.7% from RMB574.0 million in 2024 to RMB916.9 million in 2025.

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

Revenue

Our revenue increased by 23.5% from RMB4,428.8 million in 2023 to RMB5,470.6 million in 2024, primarily driven by revenue growth of used vehicle retail business and platform services, which was partially offset by a decline in revenue from wholesale vehicle sales.

Revenue by business line

- *Used vehicle retail business.* Revenue from used vehicle retail business increased by 32.5% from RMB2,856.5 million in 2023 to RMB3,785.9 million in 2024. This was primarily driven by an approximately 41.0% increase in retail sales volume, from 38.3 thousand units in 2023 to 54.0 thousand units in 2024, supported by a broader selection of vehicles offered to consumers, our expansion into new media channels that enabled us to reach a wider pool of potential customers, and improved operational efficiency across our sales centers. The increase was partially offset by a decline in revenue per unit, as intensified competition in China's new vehicle market further suppressed used vehicle market prices.

- *Wholesale vehicle sales*. Revenue from wholesale vehicle sales decreased by 25.9% from RMB903.5 million in 2023 to RMB669.7 million in 2024. This was primarily attributable to declines in both the average selling price per unit and wholesale sales volume in 2024, against the backdrop of an overall decline in vehicle market prices. Affected by prevailing market conditions, we adopted a more conservative pricing and procurement strategy in response to intensified price competition. To preserve minimum profit margins, we strategically scaled back wholesale vehicle sales in both domestic and overseas markets, resulting in an approximately 14.5% decrease in the number of vehicles sold to wholesale customers, from 8.8 thousand units in 2023 to 7.5 thousand units in 2024.

- *Platform services*. Revenue from platform services increased by 51.8% from RMB668.8 million in 2023 to RMB1,015.0 million in 2024, primarily attributable to an increase in the number of successful referrals to third-party auto financing service providers regarding leads of financing demand.

Revenue by nature of offerings

- *Sales of used vehicles*. Revenue from sales of used vehicles increased by 16.8% from RMB3,648.7 million in 2023 to RMB4,260.4 million in 2024, primarily due to an increase in vehicle sales in our retail business, which was partially offset by a decrease in our wholesale vehicle sales.

- *Provision of services*. Revenue from provision of services increased by 55.1% from RMB780.1 million in 2023 to RMB1,210.2 million in 2024, primarily attributable to an increase in the number of successful referrals to third-party auto financing service provider regarding leads of financing demand.

Revenue by Geographical Location

- *Chinese mainland.* Our revenue from Chinese mainland increased by 27.6% from RMB4,088.3 million in 2023 to RMB5,215.6 million in 2024, primarily due to the growth of used vehicle retail business and platform services, which primarily contributed to revenue from Chinese mainland.

- *Other jurisdictions.* Our revenue from other jurisdictions decreased by 25.1% from RMB340.5 million in 2023 to RMB255.0 million in 2024, primarily due to a strategic scaling back of overseas initiatives across multiple regions, against the backdrop of an overall decline in vehicle market prices, to focus on the Middle East and African markets.

Cost of Revenues

Our cost of revenues increased by 21.7% from RMB4,011.8 million in 2023 to RMB4,882.5 million in 2024, primarily in line with the change in our transaction volumes, as more than 80% of cost revenue was attributable to vehicle procurement costs.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 41.0% from RMB417.1 million in 2023 to RMB588.1 million in 2024. Our overall gross margin increased from 9.4% in 2023 to 10.8% in 2024. This was primarily driven by the increase in the gross profit margin of our used vehicle retail business, which accounted for an increasing percentage of our revenue. In specific:

- *Used vehicle retail business.* Gross profit from used vehicle retail business, increased by 38.3% from RMB187.3 million in 2023 to RMB259.0 million in 2024, and gross margin from used vehicle retail business improved from 6.6% in 2023 to 6.8% in 2024. This was primarily due to an increase in units sold, which was mainly attributable to enhanced bargaining power with counter parties driven by our growing market presence and the application of AI to optimize vehicle pricing.

- *Wholesale vehicle sales*. We had a gross profit of RMB17.8 million in 2024 compared to a gross loss of RMB36.2 million in 2023, mainly because we strategically scaled back wholesale vehicle sales in both domestic and overseas markets to limit the impact of the intensified price competition in the market.

- *Platform services.* Gross profit from platform services increased by 17.0% from RMB266.0 million in 2023 to RMB311.3 million in 2024, primarily due to increased number of successful referrals to third-party auto financing service provider regarding leads of financing demand. Gross margin of platform services narrowed from 39.8% in 2023 to 30.7% in 2024, primarily due to increased lead acquisition costs amid intensified competition for leads of vehicle purchasers seeking financing services.

Other Income and Expenses, Net

Our other income and expenses, net increased by 30.8% from RMB4.9 million in 2023 to RMB6.4 million in 2024, primarily due to changes in interest income.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 14.7% from RMB524.4 million in 2023 to RMB601.7 million in 2024. This was primarily due to (i) an increase in payroll and employee benefits associated with a greater number of sales and marketing personnel as we opened more sales centers in 2024, and (ii) an increase in marketing expenses associated with our livestreaming initiatives.

General and Administrative Expenses

Our general and administrative expenses increased by 32.0% from RMB58.5 million in 2023 to RMB77.2 million in 2024, primarily due to an increase in administrative headcount.

Research and Development Expenses

Our research and development expenses increased by 16.6% from RMB38.5 million in 2023 to RMB44.9 million in 2024, primarily due to an increase in payroll and employee benefits associated with a greater number of research and development personnel.

Credit Loss on Guarantee Liabilities and Trade and Other Receivables

Our credit loss on guarantee liabilities and trade and other receivables increased by 164.1% from RMB5.9 million in 2023 to RMB15.5 million in 2024, primarily due to our business involving the provision of guarantees to clients that continued to grow in 2024.

Financing Related Expenses

Our financing related expenses decreased by 27.6% from RMB311.7 million in 2023 to RMB225.7 million in 2024, primarily due to a decrease of RMB108.9 million in changes in fair value on the derivative components of convertible notes, which was partially offset by an increase of RMB8.7 million in interest on borrowings and an increase of RMB8.4 million in accrued financial charges of convertible notes.

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities of RMB202.7 million in 2024, compared to RMB175.0 million in 2023. The increase was primarily due to the increase in the present value of the redemption amount for redemption liabilities.

Income Tax Expense

Our income tax expense decreased by 75.0% from RMB3.6 million in 2023 to RMB0.9 million in 2024, which was mainly due to the decrease in taxable income for profitable subsidiaries in Chinese mainland.

Loss for the Year

As a result of the foregoing, our loss for the year narrowed by 17.5% from RMB695.5 million in 2023 to RMB574.0 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property and equipment	90,487	78,487	76,758
Other non-current assets	1,152,470	1,030,677	892,032
Financial assets measured at fair value through profit or loss	–	10,373	10,472
Total non-current assets	**1,242,957**	**1,119,537**	**979,262**
Current assets			
Inventories	669,938	806,754	881,798
Trade receivables	356,252	280,844	90,168
Prepayments and other receivables	263,314	360,434	514,392
Restricted cash	104,846	106,093	8,851
Cash and cash equivalents	103,307	81,419	235,499
Total current assets	**1,497,657**	**1,635,544**	**1,730,708**
Current liabilities			
Trade and bills payables	181,862	261,597	186,003
Contract liabilities	127,729	158,508	102,649
Borrowings	639,671	632,167	816,843
Lease liabilities	35,310	29,393	25,034
Accruals and other payables	118,654	167,748	245,061
Redemption liabilities	2,324,645	2,554,623	2,728,195
Convertible notes	2,217,766	2,429,940	2,720,641
Guarantee liabilities	13,590	74,743	111,683
Total current liabilities	**5,659,227**	**6,308,719**	**6,936,109**
Net current liabilities	**(4,161,570)**	**(4,673,175)**	**(5,205,401)**
Total assets less current liabilities	**(2,918,613)**	**(3,553,638)**	**(4,226,139)**
Non-current liabilities			
Lease liabilities	35,471	25,276	25,672
Borrowings	54,759	44,500	69,500
Deferred tax liabilities	1,769	2,098	1,472
Total non-current liabilities	**91,999**	**71,874**	**96,644**
Net liabilities	**(3,010,612)**	**(3,625,512)**	**(4,322,783)**
Capital and reserves			
Share capital	6	6	5
Reserves	(2,994,379)	(3,596,072)	(4,276,368)
Total deficits attributable to:			
Equity shareholders of the Company	(2,994,373)	(3,596,066)	(4,276,363)
Non-controlling interests	(16,239)	(29,446)	(46,420)
TOTAL DEFICITS	**(3,010,612)**	**(3,625,512)**	**(4,322,783)**

Assets

Property and Equipment

Our property and equipment primarily consist of right-of-use assets, leasehold improvement and electric and other equipment. The following table sets forth the breakdown of our property and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Property and equipment			
Right-of-use assets	77,668	62,756	57,291
Leasehold improvement	10,580	11,506	13,142
Electric and other equipment	2,239	4,225	6,325
Total	**90,487**	**78,487**	**76,758**

Our right-of-use assets decreased from RMB77.7 million as of December 31, 2023 to RMB62.8 million as of December 31, 2024, and further to RMB57.3 million as of December 31, 2025, mainly due to the ongoing depreciation charge of right-of-use assets throughout the period.

Our leasehold improvement increased slightly from RMB10.6 million as of December 31, 2023 to RMB11.5 million as of December 31, 2024, primarily due to an increase in additional sales center renovation expenses. Our leasehold improvement increased from RMB11.5 million as of December 31, 2024 to RMB13.1 million as of December 31, 2025, primarily due to the upgrading of sales centers in key cities and the expansion of parking capacity, leading to increased renovation expenses.

Our electric and other equipment increased from RMB2.2 million as of December 31, 2023 to RMB4.2 million as of December 31, 2024, and further to RMB6.3 million as of December 31, 2025, mainly because of the continued purchase of electronic and office equipment for business operations.

Other Non-current Assets

Our other non-current assets include automobile model database, traffic support services and non-compete undertakings. The non-compete undertakings refer to undertakings provided by certain Yixin entities in favor of us, pursuant to which such entities have agreed not to engage in, invest in, own, manage, operate or provide assistance to businesses that compete or may compete with our automobile transaction business.

The following table sets forth the breakdown of other non-current assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other Non-current Assets			
Automobile model database	797,791	753,940	682,649
Traffic support service	206,872	137,061	82,884
Non-compete undertakings	147,807	139,676	126,499
Total	**1,152,470**	**1,030,677**	**892,032**

Our other non-current assets decreased from RMB1,152.5 million as of December 31, 2023 to RMB1,030.7 million as of December 31, 2024, and further to RMB892.0 million as of December 31, 2025 mainly because of amortization.

Financial assets measured at FVTPL

Our financial assets measured at FVTPL represented investment in unlisted equity instruments. Our financial assets measured at FVTPL increased from nil as of December 31, 2023 to RMB10.4 million as of December 31, 2024, primarily due to an equity investment we made in 2024. Our financial assets measured at FVTPL remained relatively stable at RMB10.5 million as of December 31, 2025.

Inventories

Our inventories consist of our vehicles. Our inventories increased from RMB669.9 million as of December 31, 2023 to RMB806.8 million as of December 31, 2024, and further to RMB881.8 million as of December 31, 2025, primarily due to business growth requiring more inventories to match increased transaction volumes.

The following table sets forth the number of turnover days of our inventories for the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days[(1)]	47	55	52

Note:

(1) The inventory turnover days for 2023, 2024 or 2025 is the arithmetic mean of the beginning and ending inventories for the relevant year divided by cost of revenues for the relevant year and multiplied by 365.

Our inventory turnover days increased from 47 days in 2023 to 55 days in 2024, primarily due to the decrease in revenue from our export business. Our inventory turnover days remained generally stable from 2024 to 2025.

As of March 31, 2026, approximately RMB557.8 million, or 63.3% of our inventories outstanding as of December 31, 2025, had been subsequently settled.

Trade Receivables

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	359,866	284,178	91,132
Less: loss allowance	(3,614)	(3,334)	(964)
Net carrying amount	**356,252**	**280,844**	**90,168**

Our trade receivables decreased from RMB359.9 million as of December 31, 2023 to RMB284.2 million as of December 31, 2024, primarily due to improved efficiency in collections from certain financing partners. Our trade receivables further decreased to RMB91.1 million as of December 31, 2025, primarily because we streamlined settlement process with a major customer, thereby shortening our settlement cycle. After deducting loss allowance, the net carrying amount of our trade receivables decreased from RMB356.3 million as of December 31, 2023 to RMB280.8 million as of December 31, 2024, and further decreased to RMB90.2 million as of December 31, 2025.

As of the end of each year, the aging analysis of trade receivables, based on the invoice date, is as follows:

	As of December 31,		
	2023	2024	2025
	RMB'000		
Within one year	358,081	282,763	89,805
More than one year	1,785	1,415	1,327
Total	**359,866**	**284,178**	**91,132**

The following table sets forth the number of turnover days of our trade receivables for the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days[(1)]	25	21	10

Note:

(1) The trade receivables turnover days for 2023, 2024 or 2025 is the arithmetic mean of the beginning and ending trade receivables for the relevant year divided by revenue for the relevant year multiplied by 365.

Our trade receivables turnover days decreased from 25 days in 2023 to 21 days in 2024, primarily due to improved efficiency in collections from certain financing partners. Our trade receivables turnover days decreased from 21 days in 2024 to 10 days in 2025, primarily because we streamlined settlement process with a major customer, thereby shortening our settlement cycle.

As of March 31, 2026, approximately RMB59.5 million, or 66.0% of our trade receivables outstanding as of December 31, 2025 had been subsequently settled.

Prepayments and Other Receivables

Our prepayments and other receivables consist of (i) prepayment for vehicle purchase, (ii) rental and other deposits, (iii) prepayment for advertising and marketing fees, (iv) receivables from default payments, deductible input value-added tax ("**VAT**"), and (v) others, deducted by loss allowance.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments and other receivables			
Prepayment for vehicle purchase	81,022	183,390	255,991
Rental and other deposits	30,970	40,936	113,957
Prepayment for advertising and marketing fees	86,014	71,416	74,353
Receivables from default payments	–	10,998	53,987
Deductible input VAT	47,184	23,509	47,168
Others	18,383	39,270	13,056
Less: loss allowance	(259)	(9,085)	(44,120)
Prepayments and other receivables	**263,314**	**360,434**	**514,392**

Our prepayments and other receivables increased from RMB263.3 million as of December 31, 2023 to RMB360.4 million as of December 31, 2024, primarily due to an increase in prepayment for vehicle purchase as a result of our expectation of the growing demand for our wholesale business in 2025. The amount further increased to RMB514.4 million as of December 31, 2025, primarily due to an increase in rental and other deposits and prepayment for vehicle purchase in line with our business growth.

Restricted Cash

During the Track Record Period, our restricted cash consisted of (i) pledged deposits, and (ii) deposits for letters of credit and bills payable. Our restricted cash remained relatively stable at RMB104.8 million and RMB106.1 million as of December 31, 2023 and 2024, respectively. Our restricted cash decreased from RMB106.1 million as of December 31, 2024 to RMB8.9 million as of December 31, 2025, primarily due to decreases in both pledged deposits and deposits for letters of credit and bills payable as a result of alternative financing options available to us.

Cash and cash equivalents

During the Track Record Period, our cash and cash equivalents decreased from RMB103.3 million as of December 31, 2023 to RMB81.4 million as of December 31, 2024, primarily because we increased the repayment of our borrowings as our net operating cash flow improved and turned positive. Our cash and cash equivalents increased significantly from RMB81.4 million as of December 31, 2024 to RMB235.5 million as of December 31, 2025, primarily due to the decrease in the amount of our restricted cash and the increase in the amount of borrowings.

Liabilities

Trade and bills payables

Our trade and bills payables consist primarily of (i) bills payable, (ii) payables for vehicle purchase, and (iii) payables for software purchase from Yixin.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade and bills payables			
Bills payable	84,928	111,172	100,000
Payables for vehicle purchase	44,834	98,325	33,903
Payables for software purchase	52,100	52,100	52,100
Total	**181,862**	**261,597**	**186,003**

Our trade and bills payables increased from RMB181.9 million as of December 31, 2023 to RMB261.6 million as of December 31, 2024, primarily attributable to (i) an increase in bills payable, and (ii) an increase in payables for vehicle purchase due to longer credit terms attributable to an increase in commercial bill settlement as agreed by our certain suppliers in 2024. Our trade and bills payables decreased to RMB186.0 million as of December 31, 2025, primarily reflecting a decrease in bills payable and payables for vehicle purchase.

The following table sets forth the number of turnover days of our trade and bills payables for the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days(1)	13	17	14

Note:

(1) The trade and bills payables turnover days for 2023, 2024 or 2025 is the arithmetic mean of the beginning and ending trade and bills payables for the relevant year divided by cost of revenues for the relevant year and multiplied by 365.

Our trade and bills payables turnover days remained generally stable from 2023 to 2025.

As of March 31, 2026, approximately RMB18.7 million, or 21.8% of our trade payables outstanding as of December 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily consisted of (i) billings in advance of performance, and (ii) billings in advance of goods transferred. Our contract liabilities were RMB127.7 million, RMB158.5 million and RMB102.6 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations were primarily due to the export peak at the end of 2024, which in turn also triggered the peak of contract liabilities in the same period because transportation takes longer for overseas customers.

Borrowings

Our borrowings consist of (i) bank loans, and (ii) loans from third parties. Our bank loans comprised guaranteed loans and pledged loans. Our loans from third parties, which are mainly for inventory purchase, are unsecured and bear interest at prime rates ranging from 3.5% to 9.6% per annum, comprising inventory facility repayable within three months and long-term loans repayable within four years. All the bank loans are repayable within one year. Further details of our management of liquidity risk are set out in Note 27(b) to the Accountants' Report included in Appendix I to this document. Our convertible notes consist of convertible notes under our convertible notes purchase agreement with Yixin and convertible notes under a convertible note purchase agreement between one of our subsidiaries and an investor of us. For more details of convertible notes, see "History, Reorganization and Corporate Structure — Corporate Development."

We had borrowings of RMB694.4 million, RMB676.7 million and RMB886.3 million as of December 31, 2023, 2024, and 2025, respectively. The total amount of our borrowings decreased from December 31, 2023 to December 31, 2024, and subsequently increased as of December 31, 2025 primarily to fund our working capital and support our business expansion. The effective interest rate of our interest-bearing bank loans ranged between 1.6% and 6.0% during the Track Record Period.

Our borrowings contain standard terms, conditions and covenants that are customary for commercial bank loans in China. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. As of March 31, 2026, we had unutilized banking facilities of RMB185.0 million which were committed and unrestricted.

Lease Liabilities

Our lease liabilities primarily relate to our leases for our sales centers and headquarters. Our lease liabilities decreased from RMB70.8 million as of December 31, 2023 to RMB54.7 million as of December 2024, primarily due to the downward trend of rental costs across China, and remained generally stable at RMB50.7 million as of December 31, 2025.

During the Track Record Period, our lease liabilities consisted of current lease liabilities and non-current lease liabilities. The following table sets forth the maturity analysis of the carrying amount of our lease liabilities at 31 December 2023, 2024 and 2025:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Current			
Within one year	35,310	29,393	25,034
Non-current			
After one year but within two years	22,702	17,947	16,227
After two years but within five years	12,769	7,329	9,445
	35,471	**25,276**	**25,672**
Total	**70,781**	**54,669**	**50,706**

Accruals and Other Payables

Accruals and other payables consist of (i) financial liabilities measured at amortized cost, and (ii) tax payable and others. The following table sets forth our accruals and other payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Accrued payroll and welfare	61,995	72,490	60,103
Deposits received	13,230	36,308	84,722
Others	4,643	17,443	30,943
Financial liabilities measured at amortized cost	**79,868**	**126,241**	**175,768**
VAT and other tax payables	8,355	12,289	4,923
Others	30,431	29,218	64,370
Tax payable and others	**38,786**	**41,507**	**69,293**
Accruals and other payables	**118,654**	**167,748**	**245,061**

Our accruals and other payables increased from RMB118.7 million as of December 31, 2023 to RMB167.7 million as of December 31, 2024, and further increased to RMB245.1 million as of December 31, 2025, primarily due to an increase in deposits received from a growing wholesale business.

Redemption Liabilities

Our redemption liabilities consisted of (i) put option liabilities, and (ii) convertible redeemable preferred shares. Our redemption liabilities increased from RMB2,324.6 million as of December 31, 2023 to RMB2,554.6 million as of December 31, 2024, and further increased to RMB2,728.2 million as of December 31, 2025, mainly due to the changes in the present value of the redemption amount of the redemption liabilities.

Convertible Notes

Our convertible notes increased from RMB2,217.8 million as of December 31, 2023 to RMB2,429.9 million as of December 31, 2024, and further increased to RMB2,720.6 million as of December 31, 2025, primarily due to the increase in our Company valuation.

Guarantee Liabilities

Our guarantee liabilities increased significantly from RMB13.6 million as of December 31, 2023 to RMB74.7 million as of December 31, 2024, and further increased to RMB111.7 million as of December 31, 2025, primarily because a higher number of our transactions and principal amount are covered by such guarantees.

Deferred Tax Liabilities

Our deferred tax liabilities increased from RMB1.8 million as of December 31, 2023 to RMB2.1 million as of December 31, 2024, and subsequently decreased to RMB1.5 million as of December 31, 2025, primarily due to the differences between accounting and tax treatment of leases, where the carrying amount of right-of-use assets exceeded their tax bases.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of used vehicles, operation of offline sales centers, marketing expense, research and development and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations, equity financing and bank credit funds, including interest-bearing loans and loans from third parties. As of December 31, 2023, 2024 and 2025, our cash and cash equivalents amounted to RMB103.3 million, RMB81.4 million, and RMB235.5 million, respectively. After the [**REDACTED**], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and [**REDACTED**] from the [**REDACTED**].

Cash Flows

The following table sets forth our selected cash flow data for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows (used in)/generated from operating activities	(570,115)	87,770	35,115
Net cash flows used in investing activities	(22,554)	(21,244)	(15,451)
Net cash flows generated from/(used in) financing activities	607,694	(89,588)	137,511
Net increase/(decrease) in cash and cash equivalents	**15,025**	**(23,062)**	**157,175**
Cash and cash equivalents at the beginning of the year	85,790	103,307	81,419
Effect of foreign exchange rate changes	2,492	1,174	(3,095)
Cash and cash equivalents at the end of the year	**103,307**	**81,419**	**235,499**

Net Cash (Used in)/Generated from Operating Activities

Net cash generated from operating activities was RMB35.1 million in 2025, which primarily consisted of loss before taxation of RMB917.1 million, adjusted for certain non-cash and non-operating items. Adjustments primarily included (i) financing charges of RMB401.1 million, (ii) changes in the carrying amount of redemption liabilities of RMB219.0 million, (iii) depreciation and amortization of RMB163.2 million, and (iv) share-based compensation of RMB141.1 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease of RMB193.0 million in trade receivables, and (ii) a decrease of RMB97.2 million in restricted cash; partially offset by (i) an increase of RMB171.4 million in prepayments and other receivables, and (ii) an increase of RMB125.2 million in inventories.

Net cash generated from operating activities was RMB87.8 million in 2024, which primarily consisted of loss before taxation of RMB573.1 million, adjusted for certain non-cash and non-operating items. Adjustments primarily included (i) financing charges of RMB222.3 million, (ii) changes in the carrying amount of redemption liabilities of RMB202.7 million, and (iii) depreciation and amortization of RMB186.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase of RMB79.7 million in trade and bills payables, (ii) a decrease of RMB75.7 million in trade receivables, and (iii) an increase of RMB49.1 million in guarantee liabilities; partially offset by (i) an increase of RMB179.7 million in inventories, and (ii) an increase of RMB99.3 million in prepayments and other receivables.

Net cash used in operating activities was RMB570.1 million in 2023, which primarily consisted of loss before taxation of RMB691.9 million, adjusted for certain non-cash and non-operating items. Adjustments primarily included (i) financing charges of RMB312.4 million, (ii) depreciation and amortization of RMB202.1 million, and (iii) changes in the carrying amount of redemption liabilities of RMB175.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase of RMB83.6 million in contract liabilities, and (ii) an increase of RMB72.0 million in trade and bills payables; partially offset by (i) an increase of RMB386.0 million in inventories, (ii) an increase of RMB178.4 million of prepayments and other receivables, and (iii) an increase of RMB116.1 million in trade receivables.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB15.5 million in 2025, primarily consisting of payments for purchase of property and equipment of RMB15.5 million.

Net cash used in investing activities was RMB21.2 million in 2024, primarily due to (i) payments for purchase of financial assets measured at FVTPL of RMB10.0 million, and (ii) payments for purchase of property and equipment of RMB11.4 million.

Net cash used in investing activities was RMB22.6 million in 2023, primarily due to payments for purchase of property and equipment of RMB22.6 million.

Net Cash Generated from/(Used in) Financing Activities

Net cash generated from financing activities was RMB137.5 million in 2025, primarily consisting of proceeds from borrowings of RMB2,635.4 million; partially offset by repayment of borrowings of RMB2,423.5 million.

Net cash used in financing activities was RMB89.6 million in 2024, primarily due to repayment of borrowings of RMB1,885.2 million; partially offset by proceeds from borrowings of RMB1,866.9 million.

Net cash generated from financing activities was RMB607.7 million in 2023, primarily due to proceeds from borrowings of RMB1,762.5 million; partially offset by repayment of borrowings of RMB1,306.1 million.

Current Assets and Current Liabilities

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
		(RMB in thousands)		(Unaudited)
Current assets				
Inventories	669,938	806,754	881,798	759,489
Trade receivables	356,252	280,844	90,168	102,326
Prepayments and other receivables	263,314	360,434	514,392	580,964
Restricted cash	104,846	106,093	8,851	8,190
Cash and cash equivalents	103,307	81,419	235,499	777,508
Total current assets	**1,497,657**	**1,635,544**	**1,730,708**	**2,228,477**
Current liabilities				
Trade and bills payables	181,862	261,597	186,003	233,717
Contract liabilities	127,729	158,508	102,649	133,758
Borrowings	639,671	632,167	816,843	1,233,332
Lease liabilities	35,310	29,393	25,034	28,470
Accruals and other payables	118,654	167,748	245,061	262,705
Redemption liabilities	2,324,645	2,554,623	2,728,195	2,751,427
Convertible notes	2,217,766	2,429,940	2,720,641	2,688,029
Guarantee liabilities	13,590	74,743	111,683	120,918
Total current liabilities	**5,659,227**	**6,308,719**	**6,936,109**	**7,452,356**
Net current liabilities	**(4,161,570)**	**(4,673,175)**	**(5,205,401)**	**(5,223,879)**

Our net current liabilities increased from RMB4,673.2 million as of December 31, 2024 to RMB5,205.4 million as of December 31, 2025, primarily due to an increase in total current liabilities that outpaced the increase in total current assets. The increase in our net current liabilities was primarily the net result of (i) an increase of RMB290.7 million in convertible notes, (ii) an increase of RMB184.7 million in borrowings, (iii) an increase of RMB173.6 million in redemption liabilities, and (iv) a decrease of RMB190.7 million in trade receivables; partially offset by (i) an increase of RMB154.0 million in prepayments and other receivables, and (ii) an increase of RMB154.1 million in cash and cash equivalents.

Our net current liabilities increased from RMB4,161.6 million as of December 31, 2023 to RMB4,673.2 million as of December 31, 2024, primarily due to an increase in total current liabilities that outpaced the increase in total current assets. The increase in our total current liabilities was primarily the net result of (i) an increase of RMB230.0 million in redemption liabilities, and (ii) an increase of RMB212.2 million in convertible notes; partially offset by an increase in total current assets, primarily consisting of (i) an increase of RMB136.8 million in inventories, and (ii) an increase of RMB97.1 million in prepayments and other receivables.

WORKING CAPITAL SUFFICIENCY

We have achieved positive operating cash flow since 2024, and our net cash generated from operating activities was RMB35.1 million in 2025. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB103.3 million, RMB81.4 million, and RMB235.5 million, respectively. As of March 31, 2026, we had cash and cash equivalents of RMB777.5 million and unutilized banking facilities of RMB185.0 million.

Taking into account our available resources, including cash and cash equivalents and committed unutilized banking facilities as of March 31, 2026, as well as cash flow generated from our operating activities and estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view, and the Sole Sponsor concur, that we have sufficient funds for its present working capital needs and for the next 12 months from the date of this document.

INDEBTEDNESS

During the Track Record Period, our indebtedness mainly consisted of borrowings, lease liabilities, redemption liabilities and convertible notes. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current				
Borrowings	639,671	632,167	816,843	1,233,332
Lease liabilities	35,310	29,393	25,034	28,470
Redemption liabilities	2,324,645	2,554,623	2,728,195	2,751,427
Convertible notes	2,217,766	2,429,940	2,720,641	2,688,029
Subtotal	**5,217,392**	**5,646,123**	**6,290,713**	**6,701,258**
Non-current				
Borrowings	54,759	44,500	69,500	69,500
Lease liabilities	35,471	25,276	25,672	20,609
Subtotal	**90,230**	**69,776**	**95,172**	**90,109**
Total	**5,307,622**	**5,715,899**	**6,385,885**	**6,791,367**

See "— Discussion of Certain Key Items on the Consolidated Statement of Financial Position — Liabilities — Interest-bearing Borrowings" and — Discussion of Certain Key Items on the Consolidated Statement of Financial Position — Liabilities — Lease Liabilities" for detailed discussion.

Indebtedness Statement

Except as discussed above, as of March 31, 2026, being the indebtedness statement date, we did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing.

Our Directors confirm that (i) there has not been any material adverse change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date, and (ii) during the Track Record Period and up to the date of this document, we did not have any material default on our indebtedness or breach of covenant.

CONTINGENT LIABILITIES

During the Track Record Period, we provided, in connection with our customer referral services, certain guarantees to third-party auto financing service providers (the "Lenders") in respect of loans they extended to individual used vehicle purchasers (the "Borrowers") who opted for installment payment arrangements. Under these arrangements, in the event that a Borrower defaults on their loan obligations, we are obligated to compensate the Lender for the resulting credit loss, up to the guaranteed amount specified in the relevant agreement. As of December 31, 2025, our net guarantee exposure under these arrangements amounted to RMB1.9 billion. The maximum exposure to loss represents the worst-case scenario and does not reflect the probability of the loss being realized. See Notes 2(x), 22 and 27 to the Accountants' Report included in Appendix I to this document for more details.

Since April 2026, we have ceased providing new guarantees. Except as otherwise disclosed in this document, we did not have any significant contingent liabilities or guarantees as of the Latest Practicable Date.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period were primarily related to payments for purchase of property and equipment and payments for purchase of financial assets measured at FVTPL. Our capital expenditures were RMB22.6 million, RMB21.4 million and RMB15.5 million, respectively in 2023, 2024, and 2025. We intend to fund our future capital expenditure with [**REDACTED**] from equity and debt financing and the cash on our consolidated statements of financial position.

CAPITAL COMMITMENT

As of December 31, 2023, 2024 and 2025, we did not have any significant capital commitments contracted for but not yet provided.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

See "— Contingent Liabilities" for the disclosure of the financing guarantees that we issued to auto financing service providers during the Track Record Period.

KEY FINANCIAL INDICATORS

The following table sets forth our selected financial indicators for the years and as of the dates indicated.

	For the Year Ended December 31,		
	2023	2024	2025
		%	
Revenue growth(1)	N/A	23.5	21.8
Gross margin(2)	9.4	10.8	10.2

Notes:

(1) Revenue growth equals the revenue for the relevant year minus the revenue for the previous year, divided by the revenue for the previous year, and multiplied by 100%.

(2) Gross margin equals gross profit divided by revenue for the same year and multiplied by 100%.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 29 to the Accountants' Report included in Appendix I to this document and "Relationship with the Controlling Shareholders."

Our Directors are of the view that each of the material related party transactions set out in Note 29 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material-related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

FINANCIAL RISKS

Our business is exposed to various financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of our business.

Our exposure to these risks and our financial risk management policies and practices to manage these risks are described below.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables, receivables from default payments, deposits and other receivables included in prepayments and other receivables and guarantee liabilities. Our exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high credit rating, for which we consider to have low credit risks.

Except for the financial guarantees given by us as set out in Note 22 to the Accountants' Report included in Appendix I to this document, we do not provide any other guarantees which would expose us to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the end of each year comprising the Track Record Period is disclosed in Note 22 to the Accountants' Report included in Appendix I to this document.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position.

Liquidity Risk

In management of liquidity risk, our policy is to regularly monitor our liquidity requirements to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements in the short and longer term. The remaining contractual maturities of the Group's non-derivative financial liabilities and derivative financial liabilities are based on:

- contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each year comprising the Track Record Period) and the date we are contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfillment of covenants), the earliest date we can be required to pay; and

- expected undiscounted cash flows provided to our key management personnel and the date we are expected to pay, shown as adjustments to the contractual undiscounted cash flows if the timing and/or amount of the cash flows are expected to be different from the contractual undiscounted cash flows.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from interest-bearing borrowings. Our interest rate risk arising from interest-bearing borrowings is not significant as all the interest-bearing borrowings were fixed rate borrowings.

Currency Risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

DISTRIBUTABLE RESERVES

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

DIVIDEND

We did not declare or pay any dividends during the Track Record Period, and we cannot assure you that we will pay any cash dividends in the foreseeable future. [**REDACTED**] should not [**REDACTED**] our Shares with the expectation of receiving cash dividends. Under Cayman Islands law, the financial position of accumulated losses does not necessarily prohibit us from declaring and paying dividends to our Shareholders, as dividends may be declared and paid out of our share premium account notwithstanding our profitability, provided that this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**], and other fees incurred in connection with the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] range and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]), accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. These expenses consist of (i) [**REDACTED**]-related expenses of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), and (ii) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), and other fees and expenses of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]). Approximately RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]) of the estimated [**REDACTED**] expenses is directly attributable to the [**REDACTED**] of new Shares to the [**REDACTED**] and will be accounted for as a deduction from equity upon completion of the [**REDACTED**]. Approximately RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]) is expected to be charged in profit or loss before or upon completion of the [**REDACTED**], including RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) has been charged to profit or loss during Track Record Period. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The [**REDACTED**] expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For the unaudited [**REDACTED**] statement of adjusted consolidated net tangible liabilities of us prepared in accordance with Rule 4.29 of the Listing Rules for illustrating the effect of the [**REDACTED**] on the consolidated net tangible liabilities of us attributable to our equity shareholders as at December 31, 2025 as if the [**REDACTED**] had taken place as of December 31, 2025, please refer to Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements as set out in "Appendix I — Accountants' Report" to this document, and up to the date of this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.