***This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the* [REDACTED]. *Various expressions used in this summary are defined in "Definition" and "Glossary of Technical Terms" in this document. There are risks associated with an investment in the* [REDACTED]. *Some of the particular risks associated with an investment in the* [REDACTED] *are set out in "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [REDACTED].**

OVERVIEW

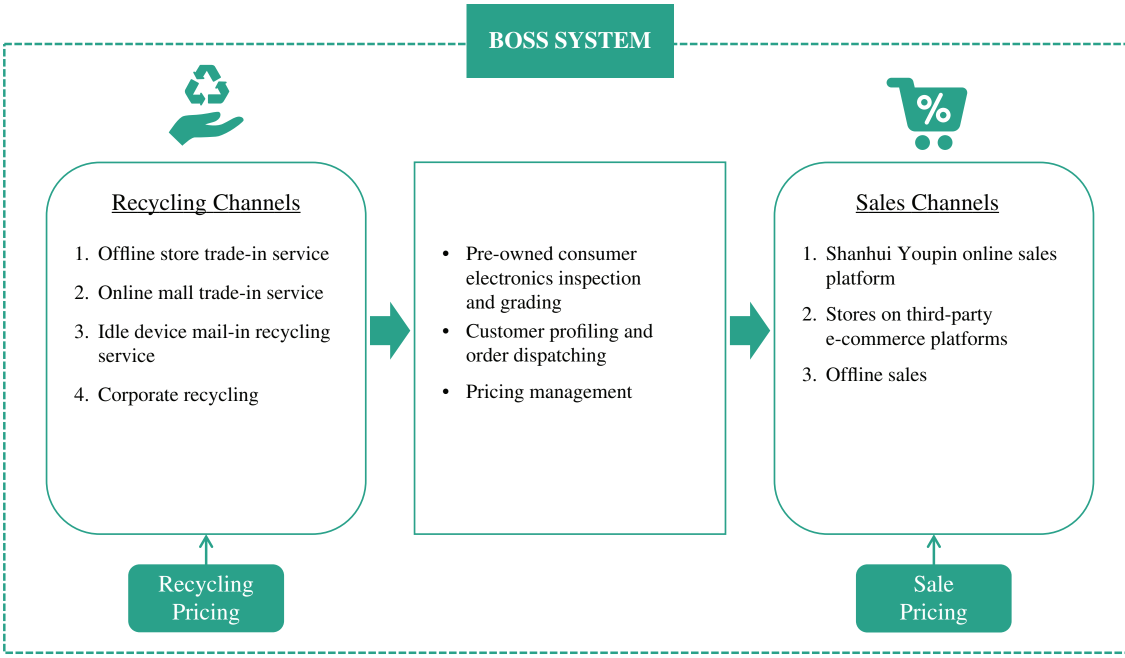
We are a PRC consumer electronics recycling service provider, specializing in high-efficiency trade-in solution with a primary focus on pre-owned mobile phones.

Since our inception in 2016, we have spent years developing and refining a digital infrastructure that streamlines trade-in recycling transactions and promotes the circular economy through the large-scale reuse of pre-owned consumer electronics. Empowered by our proprietary BOSS System which encompasses our Shanhuishou (閃回收) recycling system and Shanhui Youpin (閃回有品) online sales platform, we are capable of simultaneously executing transactions of recycling and resale of pre-owned consumer electronics within minutes, ensuring high operational efficiency and inventory turnover.

During the Track Record Period, we provided trade-in recycling services to more than 77,000 offline stores across 31 provinces of our upstream sourcing partners on an accumulation basis, collectively procuring over 4.3 million units of pre-owned consumer electronics. Our upstream souring partners are key stakeholders of the PRC consumer electronics industry, which include mainstream consumer electronic brands such as Xiaomi, Samsung, Huawei, Honor and Vivo and their designated distributors, large-scale retailers for consumer electronic products, and major PRC mobile network operators. Following recycling, we drive the reuse of electronics by extending the lifecycle of our procured and their designated distributions pre-owned consumer electronics through resale across our various sales channels.

During the Track Record Period, we achieved sustainable growth. Our revenue increased from approximately RMB1,158.4 million for the year ended December 31, 2023 to approximately RMB1,297.3 million for the year ended December 31, 2024, and further to approximately RMB1,770.8 million for the year ended December 31, 2025, representing a CAGR of approximately of 23.6%.

The following chart illustrates our business model:



OUR RECYCLING SERVICES

We conduct recycling of pre-owned consumer electronics primarily via our Shanhuishou (閃回收) recycling system. Our recycling channels of pre-owned consumer electronics include (i) individual consumers from store locations of our upstream sourcing partners by way of offline store trade-in services; (ii) individual consumers from the online malls of our upstream sourcing partners by way of online mall trade-in services; (iii) individual consumers by way of idle device mail-in recycling services; and (iv) corporate recycling.

We obtain stable and quality supply of pre-owned consumer electronics through our strategic collaborations with our upstream sourcing partners. During the Track Record Period, majority of our recycling of pre-owned consumer electronics were conducted by way of offline store trade-in services at the store locations of our upstream sourcing partners. Upstream sourcing partners can utilize our Shanhuishou (閃回收) recycling system at their store locations under two scenarios: (i) directly access to our recycling system interface to perform the trade-in recycling services; or (ii) through the internal centralized recycling management platforms implemented by certain mainstream consumer electronic brands, into which our Shanhuishou (閃回收) recycling system is deeply embedded. The ultimate suppliers of our procured pre-owned consumer electronics are mainly individual consumers.

The table below sets out the total procurement value of pre-owned consumer electronics by recycling type for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total procurement value of consumer electronics	RMB'000	% of total procurement value of consumer electronics	RMB'000	% of total procurement value of consumer electronics
Recycling by way of trade-in services	838,777	85.9	1,035,554	93.2	1,346,928	87.4
– through offline store trade-in services	818,419	83.8	1,015,641	91.4	1,331,361	86.4
– through online mall trade-in services	20,358	2.1	19,913	1.8	15,567	1.0

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total procurement value of consumer electronics	RMB'000	% of total procurement value of consumer electronics	RMB'000	% of total procurement value of consumer electronics
Recycling by way of idle device mail-in recycling services	56,067	5.7	11,834	1.1	13,874	0.9
Recycling by way of corporate recycling	82,160	8.4	63,626	5.7	179,530	11.7
Total:	**977,004**	**100**	**1,111,014**	**100**	**1,540,332**	**100**

OUR SALES

We sell our procured pre-owned consumer electronics primarily through our Shanhui Youpin (閃回有品) online sales platform. Apart from it, our sales channels also include our own online stores on third-party e-commerce platforms and offline sale. Our customers include (i) merchant customers who conduct business in the second-hand electronics market and sell the pre-owned consumer electronics procured to their own customers, and (ii) individual customers who purchase pre-owned consumer electronics for their own use.

During the Track Record Period, majority of our procured pre-owned consumer electronics were sold through the real-time open bidding module on our Shanhui Youpin (閃回有品) online sales platform. This module is seamlessly synchronized with our offline trade-in recycling transactions, allowing customers to place concurrent bids. Our revenue generated from sales through our real-time open bidding module was approximately 42.7%, 80.6% and 75.2% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively.

The table below sets out the breakdown of our revenue by product or service for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total revenue	RMB'000	% of total revenue	RMB'000	% of total revenue
Sales of products	1,140,278	98.4	1,277,990	98.5	1,747,851	98.7
– Sales of pre-owned mobile phones	1,050,003	90.6	1,231,356	94.9	1,669,521	94.3
– Sales of other pre-owned consumer electronics	90,275	7.8	46,634	3.6	78,330	4.4
Other services[1]	18,115	1.6	19,271	1.5	22,907	1.3
Total:	**1,158,393**	**100**	**1,297,261**	**100**	**1,770,758**	**100**

Note:

1. Other services primarily include (i) guaranteed value trade-in services; (ii) providing matching service to sellers and purchasers with bulk disposal or purchase needs for pre-owned consumer electronics; (iii) conducting quality inspection of pre-owned mobile phones transacted on certain third-party e-commerce platforms; and (iv) providing after-sale services, such as screen assurance services.

The table below sets out our revenue by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total revenue	RMB'000	% of total revenue	RMB'000	% of total revenue
Sales of pre-owned consumer electronics through sales platforms	1,049,320	90.6	1,219,814	94.0	1,513,496	85.5
– Sales through Shanhui Youpin (閃回有品)	932,397	80.5	1,154,347	89.0	1,431,434	80.8
– Sales through third-party e-commerce platforms	116,923	10.1	65,467	5.0	82,062	4.6
Sales of consumer electronics through offline sale	90,958	7.8	58,176	4.5	234,355	13.2
Total:	**1,140,278**	**98.4**	**1,277,990**	**98.5**	**1,747,851**	**98.7**

TECHNOLOGY, RESEARCH AND DEVELOPMENT

Our proprietary technologies are one of the key factors to our success. Our proprietary BOSS System with integrated application of AI-driven technologies across our recycling and resales business services serve as the primary engine for our day-to-day operation and steady growth. Encompassing our Shanhuishou (閃回收) recycling system and Shanhui Youpin (閃回有品) online sales platform, Our BOSS System is the foundation of our digital infrastructure which offers a standardized industrial solution. It facilitates our end-to-end, closed-loop business operations – encompassing recycling, inspection, grading and pricing for both procurement and sales, as well as customer management, inventory and logistics management, and nationwide procurement and sales channel coordination.

COMPETITIVE STRENGTHS

We attribute to our success to and distinguish ourselves by the following key competitive strengths: (i) a chinese mobile phone recycling service provider with over 10 years of expertise, featuring established brands Shanhuishou (閃回收) and Shanhui Youpin (閃回有品); (ii) strategic collaborations with our upstream sourcing partners and extensive nationwide sourcing network providing offline store trade-in services to more than 77,000 store locations; (iii) proprietary operational support system with integrated applications of AI-driven technologies empowering our operational efficiency; and (iv) experienced management team with profound industry background and insight. Please refer to "Business — Competitive Strengths" in this document for further details.

OUR STRATEGIES

In order to achieve our goals, we have formulated the following strategies: (i) further enhance our strategic cooperations with upstream sourcing partners to continuously strengthen our current position in the PRC consumer electronics recycling service industry; (ii) continue to increase our brand profile, strengthen business relationships with our customers, and explore new sales channels to increase revenue and profit margin; (iii) further increase our research and development efforts; (iv) continue to upgrade our infrastructure to empower our business offerings and operational efficiency; and (v) expand business operation through investment. Please refer to "Business — Our Strategies" in this document for further details.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks are set out in the section headed "Risk Factors" in this document. You should carefully read that section in its entirety before you decide to invest in our [**REDACTED**]. Some of the major risks we face include: (i) we rely on our upstream sourcing partners to obtain steady supply of pre-owned consumer electronics, and any deterioration in our relationships with these partners or failure to successfully expand our offline sourcing network may materially and adversely affect our business, results of operations and financial condition; (ii) our brand image is important to our business, and failure to maintain our reputation and brand profile may have a material adverse impact on our business, results of operations, financial condition and prospects; (iii) we recorded net current liabilities and net liabilities during the Track Record Period and may not generate sufficient cash flows in the future to finance our operations or meet our current liabilities; (iv) we face intense competition in the industries where we operate, and our inability to compete effectively may materially and adversely affect our business, results of operations and financial condition; and (v) any significant slowdown in the PRC macroeconomic condition may materially and adversely affect our business, results of operation and financial condition.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Liu and Ms. Yu, in aggregate, had beneficial interests representing approximately 45.35% of the total issued Shares, comprising (i) Shares representing approximately 31.71% of the total number of Shares in issue held by ShanHuiShou BVI, which is wholly owned by Mr. Liu; (ii) Shares representing approximately 10.72% of the total number of Shares in issue held by MGY Wisdom BVI, which is owned as to 80% and 20% by ShanHuiShou BVI and MGY Alliance BVI, respectively; and (iii) Shares representing approximately 2.92% of the total number of Shares in issue held by MGY Alliance BVI, which is wholly owned by Ms. Yu.

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account the Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme), Mr. Liu and Ms. Yu, in aggregate, will have beneficial interests representing [**REDACTED**]% of the total issued Shares, comprising (i) Shares representing approximately [**REDACTED**]% of the total number of Shares in issue held by ShanHuiShou BVI; (ii) Shares representing approximately [**REDACTED**]% of the total number of Shares in issue held by MGY Wisdom BVI; and (iii) Shares representing approximately [**REDACTED**]% of the total number of Shares in issue held by MGY Alliance BVI. Pursuant to the Guide, Mr. Liu and Ms. Yu are presumed to be a group of controlling shareholders by virtue of their shareholdings through MGY Wisdom BVI. Accordingly, Mr. Liu and Ms. Yu, together with ShanHuiShou BVI, MGY Wisdom BVI and MGY Alliance BVI, will be our Controlling Shareholders upon the completion of the [**REDACTED**]. Please refer to "Relationship with Controlling Shareholders" in this document for further details.

[REDACTED] INVESTMENTS

Since our establishment, we have completed several rounds of equity financing. Please refer to "History, Reorganization and Corporate Structure – 5. [**REDACTED**] Investments" in this document for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary historical financial information for the years or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountants' Report in Appendix I to this document. The summary of historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants' Report in Appendix I to this document, including the accompanying notes, and the information set forth in "Financial Information" in this document. Our historical financial information was prepared in accordance with IFRS.

Key Items of Consolidated Statements of Profit or Loss

The following table sets out the key items of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	1,158,393	1,297,261	1,770,758
Cost of sales[(1)]	(1,080,050)	(1,235,165)	(1,656,362)
Gross profit	78,343	62,096	114,396
Other income and gains	9,034	3,920	98
Selling and distribution expenses	(18,528)	(20,301)	(17,604)
Administrative expenses	(57,456)	(65,725)	(55,617)
Research and development expenses	(18,936)	(18,669)	(17,492)
Finance costs	(3,423)	(6,227)	(3,437)
Changes in carrying amount of the redemption liabilities	(87,302)	(21,537)	(99,334)
Loss before taxation	(98,268)	(66,443)	(78,990)
Income tax	–	–	–
Loss for the year	(98,268)	(66,443)	(78,990)
Attributable to:			
Owners of the Company/ Shenzhen Shanhui	(98,268)	(65,871)	(79,578)
Non-controlling interests	–	(572)	588
Loss for the year	(98,268)	(66,443)	(78,990)

Note:

1. Our cost of sales primarily consists of (i) our procurement costs of pre-owned consumer electronics sourced through our various recycling channels; (ii) costs of promotion service and commission fees, primarily including promotion service fees which we pay to offline stores of our certain upstream sourcing partners and commission fees which we pay to front sales personnel of our upstream sourcing partners' offline stores; and (iii) logistic costs which we pay to the third-party logistic service providers for the transportation and delivery of our procured pre-owned consumer electronics.

During the Track Record Period, although we experienced growth in our business and increases in demand for our procured pre-owned consumer electronics, we recorded loss of approximately RMB98.3 million, RMB66.4 million and RMB79 million for the years ended December 31, 2023, 2024 and 2025, respectively. Such losses were primarily attributable to our changes in carrying amount of the redemption liabilities of approximately RMB87.3 million, RMB21.5 million and RMB99.3 million for the same periods, respectively. In addition, (i) our loss for the year ended December 31, 2023 was due to the reason that the increases in our cost of sales, as well as our selling, administrative and research and development expenses incurred outpaced the growth in our revenue for the same period; and (ii) our loss for the year ended December 31, 2024 was due to our slower-than-expected sales growth and decreased gross profit.

In order to turn around our loss-making positions and to achieve a better profitability in the near future, we have made specific business plans and strategies. We expect that both of our revenue generated from the sales of our pre-owned consumer electronics, especially the pre-owned mobile phones, and revenue of our offline sale to grow as a result of our deepened strategic collaboration relationships with our upstream sourcing partners and our enhanced reputation and profile in the second-hand consumer electronics market. We also expect that our gross profit and gross profit margin to improve as we achieve economies of scale and also continue to improve our precision of remote testing and pricing and sales efficiency. Please refer to "Business – Our Strategies", "Financial Information", and "Future Plans and [**REDACTED**]" in this document for more details.

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted (loss)/profit (non-IFRS measure) as additional financial measures, which is not required by, or presented in accordance with IFRS. We believe that the non-IFRS measure provides useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted (loss)/profit (non-IFRS measure) as loss for the year adjusted by adding back changes in carrying amount of the redemption liabilities, fair value changes of derivative financial liabilities, [**REDACTED**] expenses and share-based payment expenses.

The following table reconciles our adjusted (loss)/profit (non-IFRS measure) for the years presented in accordance with IFRS, which were loss for the year indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Reconciliation of net loss for the year and adjusted (loss)/profit (non-IFRS measure)			
Loss for the year	(98,268)	(66,443)	(78,990)
Add:			
Changes in carrying amount of the redemption liabilities[1]	87,302	21,537	99,334
Fair value changes of derivative financial liabilities[2]	(7,077)	(1,000)	–
[**REDACTED**] expenses[3]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Share-based payment expenses[4]	457	–	–
Adjusted (loss)/profit (non-IFRS measure)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. Changes in carrying amount of the redemption liabilities represents amount of changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. Upon completion of our [**REDACTED**], redemption liabilities in connection with such [**REDACTED**] Investments would be converted into equity of our Company. In addition, the changes on redemption liabilities is a non-cash item.

2. Fair value changes of derivative financial liabilities represent the gains or losses arising from change in fair value of our options. The option agreements terminated in January 2024. Please refer to note 23 to the Accountants' Report in Appendix I to this document.

3. [**REDACTED**] expenses represent professional fees and other fees incurred in connection with the [**REDACTED**].

4. Share-based payment expenses, which are non-cash in nature, represent the expenses recognised in connection with share options granted to selected executives and employees.

We recorded adjusted loss (non-IFRS measure) of approximately RMB[**REDACTED**] for the year ended December 31, 2023, primarily the reason that the increases in our cost of sales, as well as our selling, administrative and research and development expenses incurred outpaced the growth in our revenue for the year ended December 31, 2023.

We recorded an increase in adjusted loss (non-IFRS measure) from approximately RMB[**REDACTED**] for the year ended December 31, 2023 to approximately RMB[**REDACTED**] for the year ended December 31, 2024, which was primarily due to the decrease in our gross profit margin from approximately 6.8% to approximately 4.8% for the same period.

We recorded adjusted profit (non-IFRS measure) of approximately RMB[**REDACTED**] for the year ended December 31, 2025, which was primarily due to the increase in our gross profit margin from approximately 4.8% for the year ended December 31, 2024 to approximately 6.5% for the year ended December 31, 2025.

Gross profit and gross profit margin

The following table sets out the breakdown of our gross profit and gross profit margin by product or service for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of products	72,160	6.3	56,534	4.4	105,215	6.0
– Sales of pre-owned mobile phones	61,241	5.8	51,919	4.2	99,988	6.0
– Sales of other pre-owned consumer electronics	10,919	12.1	4,615	9.9	5,227	6.7
Other services[1]	6,183	34.1	5,562	28.9	9,181	40.1
Total:	**78,343**	**6.8**	**62,096**	**4.8**	**114,396**	**6.5**

Note:

1. Other services primarily include (i) guaranteed value trade-in services; (ii) providing matching service to sellers and purchasers with bulk disposal or purchase needs for pre-owned consumer electronics; (iii) conducting quality inspection of pre-owned mobile phones transacted on certain well-known third-party e-commerce platforms; and (iv) providing after-sale services, such as screen assurance services.

Our gross profit and gross profit margin both decreased from approximately RMB78.3 million and 6.8% for the year ended December 31, 2023, respectively, to approximately RMB62.1 million and 4.8% for the year ended December 31, 2024. Such decreases were primarily due to the shift in our sales focus to prioritize real-time open bidding module over non-real-time open bidding module, which led to an operational inefficiency, primarily including (i) the decline in the customer number as some of our customers were not accustomed to this module, which hindered our ability to reach customers who could offer higher selling price; and (ii) the loss of sales orders resulting from insufficient order dispatching without precise customer profiling. Such operational inefficiency caused us to reduce the target profit margin to offer higher recycling price, aimed to improve our recycling conversion rate to support our revenue growth.

Our gross profit and gross profit margin both increased from approximately RMB62.1 million and 4.8% for the year ended December 31, 2024, respectively, to approximately RMB114.4 million and 6.5% for the year ended December 31, 2025. Such increases were primarily due to our ongoing refinement of real-time open bidding module through (i) continuously optimizing our customer profiling to achieve more precise order dispatching; and (ii) continuously promoting the use of real-time bidding module by our sales team. Such efforts have helped us to improve recycle and sales efficiencies during 2024, reflected in an overall improvement in the number of our customers, sales volume of pre-owned consumer electronics and our gross profit and gross profit margin for the year ended December 31, 2025.

For illustration purpose, the following table also sets out our gross profit and gross profit margin by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of pre-owned consumer electronics through sales platforms	71,724	6.8	56,486	4.6	101,498	6.7
– Sales through Shanhui Youpin (閃回有品)	60,532	6.5	48,837	4.2	91,668	6.4
– Sales through third party e-commerce platforms	11,192	9.6	7,649	11.7	9,830	12.0
Sales of consumer electronics through offline sale	436	0.5	48	0.1	3,717	1.6
Total:	**72,160**	**6.3**	**56,534**	**4.4**	**105,215**	**6.0**

Selected Items from Consolidated Statements of Financial Position

The following table sets out selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)
Current assets				
Inventories	30,684	32,754	25,283	92,601
Trade and other receivables	107,987	98,838	129,278	143,868
Financial assets measured at fair value through profit or loss ("FVTPL")	827	983	–	–
Restricted bank deposits	202	2,523	5,500	3,000
Cash and cash equivalents	79,096	93,204	91,681	160,381
	218,796	228,302	251,742	399,850
Current liabilities				
Trade and other payables	47,746	52,092	74,957	158,081
Contract liabilities	4,721	9,200	18,053	15,655
Bank loans	105,000	101,500	70,900	100,900
Lease liabilities	5,531	6,023	1,822	3,564
Provisions	1,019	992	1,142	327
Redemption liabilities	685,213	759,024	858,358	858,358
Derivatives financial liabilities	1,000	–	–	–
	850,230	928,831	1,025,232	1,136,885
Net current liabilities	(631,434)	(700,529)	(773,490)	(737,035)

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)
Total assets less current liabilities	(616,894)	(687,594)	(766,939)	(731,085)
Non-current liabilities	5,491	678	545	12,785
Net liabilities	(622,385)	(688,272)	(767,484)	(743,870)

As of December 31, 2023, 2024 and 2025, we recorded increased net current liabilities and net liabilities, primarily due to our redemption liabilities as a result of the amount of changes in the carrying amount of our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors of approximately RMB685.2 million, RMB759 million and RMB858.4 million as of December 31, 2023, 2024 and 2025, respectively. Please refer to "Financial Information – Liquidity and Capital Resources – Current Assets and Liabilities" in this document for more information.

We expect that we would be able to turn our net liabilities and net current liabilities position into net asset and net current asset position upon [**REDACTED**], as redemption liabilities will be automatically converted into equity of our Company and will be reclassified from liabilities to equity.

Summary of the Consolidated Statements of Cash Flows

The following table sets out our cash flows for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(47,774)	(18,449)	38,033
Net cash (used in)/generated from investing activities	(4,124)	(3,817)	489
Net cash generated from/(used in) financing activities	87,898	35,904	(39,746)
Net increase/(decrease) in cash and cash equivalents	36,000	13,638	(1,224)
Cash and cash equivalents at the beginning of the year	42,774	79,096	93,204
Effects of foreign exchange rate on cash and cash equivalents	322	470	(299)
Cash and cash equivalents at the end of the year	**79,096**	**93,204**	**91,681**

Our net cash outflows or inflow from operating activities during the Track Record Period were affected by our respective loss for the year adjusted by non-cash or non-operating items, mainly including changes in carrying amount of the redemption liabilities for each year of the Track Record Period. Our net cash outflow from operating activities for the year ended December 31, 2023 was also partially attributable to our increases of receivables from upstream sourcing partners, which are mainstream consumer electronic brands and their designated distributors. Such increases were primarily due to (i) the increase in brand-sponsored promotion discounts that were offered to individual consumers by certain mainstream consumer electronic brands but paid by us in advance as a result of our strengthened strategic collaborations with these brands to expand our trade-in recycling services; and (ii) the extension of settlement period between us and a consumer electronic brand due to the change of its internal trade payable policies. Our net cash inflow from operating activities for the year ended December 31, 2025 was attributable to our decreased receivables from a consumer electronic brand (and its designated distributors) resulting from their decreased promotion activities conducted. For more details of our receivables from upstream sourcing partners, please refer to "Financial Information – Certain Items of Consolidated Statements of Financial Position – Trade and Other Receivables" in this document.

Working Capital

As of March 31, 2026, being the latest practicable date for the purpose of indebtedness statement in this document, our bank loans, which were guaranteed, amounted to approximately RMB100.9 million (unaudited). Our bank loans are primarily used to support our general working capital as our supply channels continue to expand and our sales business continues to grow. As of March 31, 2026, we had unutilized banking facilities of approximately RMB89 million (unaudited).

Our Directors are of the view that, and the Sole Sponsor concurs, after taking into consideration that (i) our cash and cash equivalents balance of approximately RMB91.7 million as of December 31, 2025; (ii) our business strategies and plans to improve our liquidity and profitability by driving our operating cash flow through our expanding business; (iii) our ability to raise money from renowned investors to finance our business as evidenced by various rounds of [**REDACTED**] Investments completed during the Track Record Period, especially, we had fully completed our Series D-1 [**REDACTED**] Investment on February 22, 2024; (iv) our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors would be terminated upon their automatic conversion into ordinary Shares upon [**REDACTED**]; (v) the financial resources available to us, including cash flows from our operations, banking facilities and our other borrowings as aforementioned; and (vi) estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months commencing from the date of this document.

In future, we will continue to closely monitor the level of our working capital, and diligently review our future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Key Financial Ratios

	Year ended December 31,		
	2023	**2024**	**2025**
Revenue growth rate(1)	26.0%	12.0%	36.5%
Gross profit margin(2)	6.8%	4.8%	6.5%
Net loss margin(3)	(8.5%)	(5.1%)	(4.5%)
Adjusted (loss)/profit margin (non-IFRS measure)(4)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. Revenue growth rate represents the revenue for the current financial year less the revenue for the previous financial year divided by revenue for the previous financial year and multiplied by 100%;

2. Gross profit margin represents the gross profit for the financial year divided by the revenue for the financial year and multiplied by 100%;

3. Net loss margin represents the loss for the financial year divided by the revenue for the financial year and multiplied by 100%; and

4. Adjusted (loss)/profit margin (non-IFRS measure) represents the adjusted (loss)/profit (non-IFRS measure) for the financial year divided by the revenue for the financial year and multiplied by 100%.

For more details of our financial ratios, please refer to "Financial Information – Key Financial Ratios" in this document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to actively develop our recycling business. For the three months ended March 31, 2026, our procurement value of pre-owned consumer electronics was primarily attributable to (i) our offline store trade-in recycling services conducted for major mobile network operators and their designated distributors of approximately RMB18.5 million (unaudited); (ii) our offline store trade-in recycling services conducted for mainstream consumer electronic brands in Hong Kong of approximately RMB10.6 million (unaudited); and (iii) our online mall trade-in recycling services conducted for one of the Chinese leading e-commerce platforms of approximately RMB10.4 million (unaudited). Our sales amount derived from selling these pre-owned consumer electronics we procured from these recycling channels was approximately RMB42 million (unaudited) for the same period.

Having said that, we still expect to record an increase in net losses for the year ended December 31, 2026, primarily due to a potential large increase in our changes in carrying amount of the redemption liabilities, which represent amount of changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. Our net current liabilities was approximately RMB737 million (unaudited) as of March 31, 2026 as compared to approximately RMB773.5 million as of December 31, 2025. Our Directors confirm that up to the date of this document and save as disclosed, there had been no material adverse change in our financial or trading position since December 31, 2025, being the end date of the latest reporting period reported in the Accountants' Report in Appendix I to this document, and there has been no event (including material regulatory changes) since December 31, 2025 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

NO DIVIDEND POLICY

During the Track Record Period and up to the Latest Practicable Date, we had not distributed any dividends to the then equity holders of our Group, and we currently do not have dividend policy. In future, our Board may declare dividends after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and the Cayman Companies Act. Under the Cayman Islands law, our Company may pay a dividend out of either profit or, with the sanction of an ordinary resolution, share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our Directors may from time to time pay such interim dividends on shares outstanding of our Company and authorize payment of the same out of the funds of our Company that are lawfully available. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board.

As advised by our Cayman Legal counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of profits and/or share premium account, provided that in no circumstances may a dividend be paid out of share premium if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Accordingly, notwithstanding that our Company had accumulated losses, our Company should be able to declare a dividend out of our share premium if the payment of such dividend would not result in our Company being unable to pay our debts as they fall due in the ordinary course of business.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] is completed and [**REDACTED**] Shares are issued and sold in the [**REDACTED**]; and (ii) [**REDACTED**] Shares are issued following the completion of the [**REDACTED**] and the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per Share	**Based on an [REDACTED] of HK$[REDACTED] per Share**
Market capitalization of the Shares following the completion of the [**REDACTED**] and the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company per Share(1)	[**REDACTED**]	[**REDACTED**]

Note:

1. The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company per Share were calculated after adjustments as specified in "Appendix II – Unaudited [**REDACTED**] Financial Information." Saved for the adjustments as disclosed in the Appendix II, no adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2025.

[REDACTED] EXPENSES

[**REDACTED**] expenses represent professional fees, and other fees incurred in connection with the [**REDACTED**]. Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document), [**REDACTED**] expenses and [**REDACTED**] costs to be borne by us are estimated to be approximately HK$[**REDACTED**] (including (i) [**REDACTED**] of approximately HK$[**REDACTED**], and (ii) [**REDACTED**] related expenses of approximately HK$[**REDACTED**], which consist of fees and expenses of the legal advisors and reporting accountants of our Company of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]), assuming the [**REDACTED**] is not exercised and no shares are issued pursuant to the Share Option Scheme. During the Track Record Period, we incurred [**REDACTED**] expenses of approximately RMB[**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**], which were recognized in our consolidated statements of profit and loss for the years ended December 31, 2023, 2024 and 2025, respectively. Subsequent to the Track Record Period, approximately RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]) is expected to be charged to our consolidated statements of profit or loss and approximately RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]) is expected to be accounted for as a deduction from equity upon [**REDACTED**]. The [**REDACTED**] expenses are expected to account for [**REDACTED**]% of gross [**REDACTED**] generated from the [**REDACTED**]. The [**REDACTED**] expenses and [**REDACTED**] costs above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

APPLICATION FOR [REDACTED] OF SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, our Shares in issue prior to the [**REDACTED**] and those to be [**REDACTED**] pursuant to Rule 8.05(3) of the Listing Rules, on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules. Our expected [**REDACTED**] at the time of [**REDACTED**], which, based on the low-end of the indicative [**REDACTED**] range, is approximately HK$[**REDACTED**].

[**REDACTED**]

We estimate that the aggregate [**REDACTED**] of the [**REDACTED**] to be received by us (after deducting [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) will be approximately HK$[**REDACTED**], assuming that the [**REDACTED**] is not exercised. We currently intend to apply such [**REDACTED**] in the following manner:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to further increase our technology, research and development capabilities and upgrade our infrastructure to continue to empower our business offerings and operational efficiency;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to further enhance our strategic cooperation with our upstream sourcing partners to continuously strengthen our current market position in the PRC offline store trade-in mobile phone recycling services and to expand our transaction service coverage;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to increase our marketing and promotion efforts and expand our business to sales channels that have more market potential to steadily increase our sales volume and profit margin;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used primarily for our strategic investments and/or potential acquisitions in businesses which offer products and/or services that supplemental to those which we currently offer and match our growth strategies; and

- the remaining approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for working capital and general corporate purposes.

For more details, please refer to "Future Plans and [**REDACTED**]" in this document.