You should read the following discussion and analysis in conjunction with our consolidated financial statements as of and for each of the years ended December 31, 2023, 2024 and 2025, and the accompanying notes included in the Accountants' Report set out in Appendix I to this document ("Historical Financial Information"). Our consolidated financial information has been prepared in accordance with IFRS. The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us 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 depend on a number of risks and uncertainties over which we do not have control. Please also refer to "Risk Factors" and "Forward-looking Statements" in the document.

OVERVIEW

We are a PRC consumer electronics recycling service provider, specializing in high-efficiency trade-in solutions 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 circular economy through the large-scale reuse of pre-owned consumer electronics. We primarily conduct recycling of pre-owned consumer electronics from trade-ins transacted in both offline stores and online malls of our upstream sourcing partners via our Shanhuishou (閃回收) recycling system, where individual consumers are our ultimate suppliers. We then sell our procured pre-owned consumer electronics primarily through our Shanhui Youpin (閃回有品) online sales platform.

During the Track Record Period, we achieved a sustainable growth. For the years ended December 31, 2023, 2024 and 2025, our revenue was approximately RMB1,158.4 million, RMB1,297.3 million and RMB1,770.8 million for the same periods, respectively, representing a CAGR of approximately 23.6%.

For more details, please also refer to "– Results of Operations" in this section.

BASIS OF PRESENTATION

Our Company was incorporated as a company in the Cayman Islands with limited liability on August 11, 2021. Pursuant to the Reorganization as more fully explained in "History, Reorganization and Corporate Structure – Reorganization" in this document, our Company became the holding company of our Group after a series of the transactions for the purpose of the Reorganization.

Our Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. For the purpose of preparing our historical financial information, we have adopted all applicable new and revised IFRS that were effective during the Track Record Period. Intra-Group balances, transactions and unrealised gains/losses on intra-Group transactions are eliminated in full in preparing the Historical Financial Information. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. For more details of basis of preparation, please refer to note 1 to our financial statements included in the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, and results of operations financial condition depend on a wide range of general factors, including changes in China macroeconomic conditions, industry developments and the competitive landscape of the PRC pre-owned consumer electronics recycling service market. Any related adverse changes could negatively affect our results of operations.

In addition to such general factors, our results of operations have been, and are expected to continue to be, materially affected by a number of factors, some of which are outside of our control. These factors primarily include the followings:

Brand Recognition

We currently operate our business under two core corporate brands, namely Shanhuishou (閃回收) and Shanhui Youpin (閃回有品). Shanhuishou (閃回收) is the main brand under which we carry on our recycling business and procure pre-owned consumer electronics from our recycling channels. Shanhui Youpin (閃回有品) is the main brand under which we conduct sales of procured pre-owned consumer electronics to customers via our sales platforms. Our brands of Shanhuishou (閃回收) and Shanhui Youpin (閃回有品) have won recognition among our upstream sourcing partners, our customers and individual consumers over the years. We believe that this market recognition of our brands is critical to our success as market acceptance of our brands may affect our recycling capabilities, the market demand for our procured pre-owned consumer electronics, the profit margin we are able to achieve, and our ability to further grow our business.

Our Ability to Obtain Extensive Supply through Our Strategic Collaborations with Our Upstream Sourcing Partners

Our ability to obtain stable and quality supply of pre-owned consumer electronics is our key competitive advantage in the pre-owned consumer electronics recycling service market. Hence, our strategic collaborations with upstream sourcing partners are crucial to us in sourcing pre-owned consumer electronics from reliable channels with relatively lower costs. Leveraging an asset-light business model and our Shanhuishou (閃回收) recycling system, we were able to expand our recycling services to numerous offline locations of our upstream sourcing partners within a relatively short period during the Track Record Period. In future, we will continue to closely collaborate with our upstream sourcing partners to expand our nationwide sourcing network and increase our penetration into lower-tier cities across the PRC.

Our Ability to Expand Our Customer Base and New Sales Channels

During the Track Record Period, our revenue was primarily derived from the sales of pre-owned consumer electronics we procured through our recycling channels to customers in the second-hand consumer electronics market via our Shanhui Youpin (閃回有品) online sales platform, our own online stores on third-party e-commerce platforms and offline sale.

The continuous expansion of our customer base is crucial to driving our sustained revenue growth. The diversification and optimization of our sales channels are also expected to create new growth opportunities and improve our profit margin. Hence, we will continue our efforts to (i) explore new cooperative relationships with new merchant customers; (ii) design and develop new or upgrade existing business modules with comprehensive functionalities in our Shanhui Youpin (閃回有品) online sales platform; (iii) establish more of our own online stores on various third-party e-ecommerce platform; and (iv) enlarge our sales team to increase our marketing and branding initiatives such as strengthening our promotional efforts on leading live-streaming platforms.

Our Ability to Upgrade Our Proprietary Systems with AI-driven Technologies to Empower Operational Efficiency and Manage Costs

Our ability to achieve and maintain profitability, to a certain extent, depends on our ability to utilize our proprietary systems with AI-driven technologies to effectively manage our costs and enhance operational efficiency. To effectively manage our costs and enhance profitability, we have been continuously developing and upgrading our BOSS System to refine our digital infrastructure. Leveraging our AI-powered inspection, grading and pricing model, we are able to improve our pricing precision and enhance operational efficiency and minimize transaction latency. Furthermore, as 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, our advanced BOSS System seamlessly synchronizes our offline store trade-in recycling transactions with our sales operations. Such end-to-end technological integration empowers us to execute transactions of recycling and resale of pre-owned consumer electronics almost simultaneously within minutes.

Going forward, we will continue to increase our research and development efforts to upgrade our proprietary systems and enhance our inspection, grading and pricing algorithms and functionalities with more advanced AI capabilities. We expect that our technological competitive edge will enable us to efficiently scale our operations and serve as a key driver in managing our costs and maintaining profitability.

Our Results of Operations may be Subject to Seasonal Fluctuations

We experience a moderate level of seasonality in our revenue. We typically experience higher transaction traffic, and able to obtain more supply and record higher sales volume of pre-owned consumer electronics during the second half of the year, primarily due to the new models of mobile phones launched and subsequent promotional and marketing activities or campaigns conducted by our upstream sourcing partners, especially, mainstream consumer electronic brands and various third-party e-commerce platforms. As a result, any comparisons of our sales and operating results between different periods within a single financial year are not necessarily meaningful and cannot be relied on as indicators of our performance. Our results of operations are likely to continue to fluctuate due to seasonality.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. We have also made certain accounting judgements and estimate in the process of applying our accounting policies. When reviewing our consolidated financial statements, you should consider (i) our selection of material accounting policies; (ii) the judgement and estimate affecting the application of such policies; and (iii) the sensitivity of reported results to change in conditions and assumptions. We have identified below the accounting policies, judgments and estimates that we believe are the most critical to the preparation of our consolidated financial information. Our material accounting policies, judgments and estimates, which are important for an understanding of our financial condition and results of operations, are more detailed set out in notes 2 and 3 to the Accountants' Report in Appendix I to this document.

Revenue

Income is classified by our Group as revenue when it arises from the sales of goods and the provision of services in the ordinary course of our Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Our Group principally generates our revenue from the sale of products, and provision of services.

– Sales of products

  Our Group mainly recycles pre-owned mobile phones and other pre-owned consumer electronics from individuals by cooperating with offline stores, through online recycling channels, or from the manufacturers or distributors. Revenue from the sales of pre-owned mobile phones or other pre-owned consumer electronics are recognised at the point in time when the customer takes possession of and accepts the products.

– Provision of services

  Our Group mainly provides procurement services, and after-sale services, and testing services, etc. Revenue from the after-sale services is recognised over the service period on a straight-line basis because the customer simultaneously receives and consumes the benefits when the control of these services transfer to the customers provide by our Group.

Inventories

Inventories are assets which are held for sale in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cost of inventories are calculated using the specific identification basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Contract Liabilities

A contract liability is recognised when the customer pays non-refundable consideration before our Group recognises the related revenue. A contract liability would also be recognised if our Group has an unconditional right to receive non-refundable consideration before our Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

Financial Assets and Liabilities Measured at Fair Value

The following table presents the fair value of our Group's financial instruments measured at fair value at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

All of our financial liabilities measured at fair value during the Track Record Period is measured within level 3 fair value measurement. We have instituted internal policies on valuation methodologies, models and procedures for valuation of level 3 financial liabilities. We perform valuation assessments of options. We have engaged an independent qualified professional valuer to perform the relevant valuation assessments. Our management team reviewed the external valuer's valuation analysis and results, and they have discussed the basis of the valuation with the reporting accountants of our Company. We focus on the valuation methodologies, computation basis, key assumptions, qualifications and underlying rationales in such assessments.

In relation to our financial liabilities measured at fair value, the Sole Sponsor has reviewed and understood the classification policy of financial liabilities into level 3 fair value measurement, and has further conducted relevant due diligence work, including but not limited to, (1) discussion with our Company about the rationale of the transactions and key basis and assumptions for the valuation; (2) review of transaction documents; and (3) discussion with the reporting accountants of our Company about their work performed in connection with the valuation of our Group's financial liabilities measured at fair value using level 3 valuations. Based on the due diligence work performed, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation.

Impairment Assessment of Non-financial Assets

The balance of property and equipment and the right-of-use assets amounted to RMB12.8 million, RMB11.6 million and RMB6.5 million as of December 31, 2023, 2024 and 2025, respectively. The balance mainly included (i) furniture and electronic equipment; (ii) leasehold improvement; and (iii) right-of-use assets as buildings leased for own use.

Our Directors assessed the impairment indication of the property and equipment and the right-of-use assets at each reporting date of the Track Record Period by reviewing internal and external sources of information. If any such indication exists, the asset's recoverable amount is estimated and determined by the higher of the cash generating unit's fair value less costs of disposal and its value in use. Value in use was calculated by preparing discounted cash flows and any shortfall of the recoverable amount would be recognised as impairment. We did not make any impairment for the property and equipment or the right-of-use assets as of December 31, 2023, 2024 and 2025.

RESULTS OF OPERATIONS

The following table sets forth selected items of 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	(1,080,050)	(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)

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted profit/(loss) (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 profit/(loss) (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 profit/(loss) (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 periods presented in accordance with IFRS, which are losses for the periods 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 represent 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, represents 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 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 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. Such significant increase was primarily due to the decrease in our gross profit margin from approximately 6.8% to approximately 4.8% for the same period. In 2024, we shifted our sales focus to prioritize real-time open bidding module over the non-real-time open bidding module on our Shanhui Youpin (閃回有品) online sales platform to respond to the surge in recycling traffic primarily driven by the centralized recycling management platforms implemented by domestic mainstream consumer electronic brands. Our sales generated from our real-time open bidding module increased from approximately 42.7% of our total revenue for the year ended December 31, 2023 to approximately 80.6% of our total revenue for the year ended December 31, 2024. However, we experienced slower-than-expected sales growth and a decline of number of active customers, primarily the reasons that (i) we needed time to cultivate new transaction habits among our customers who previously accustomed to non-real-time bidding modules, which hindered our ability to reach customers who can offer higher selling prices; (ii) we lost sales orders resulting from failing to effectively or precisely dispatch the specific devices to compatible customer profiles during the limited bidding duration, usually within five minutes, due to operational inefficiency. Consequently, we had to reduce our target profit margin to mitigate the impact of the aforementioned transitional factors and prioritize our market share.

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. This increase was primarily attributable to (i) our enhanced target profit margin as a result of our ongoing refinement of real-time open bidding module by continuously optimizing our customer profiling to achieve more precise device dispatching; (ii) continuous expansion of real-time bidding customers by our sales team. As a result, we realized growing number of customers, higher bidding participation and improved sales conversion rates, which collectively increased our gross profit margin.

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

Revenue by products

During the Track Record Period, we derived revenue from the sales of our procured pre-owned consumer electronics sourced from our various recycling channels. 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.

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 the sales volume and average selling price of pre-owned consumer electronics that we sold by product type for the periods indicated, respectively:

	Year ended December 31,					
	2023		2024		2025	
	unit'000	Average selling price/unit (RMB)	unit'000	Average selling price/unit (RMB)	unit'000	Average selling price/unit (RMB)
Sales of pre-owned mobile phones	1,506	697	1,243	991	1,610	1,037
Sales of other pre-owned consumer electronics	966	94	525	89	131	598
Total:	**2,472**	**N/A**	**1,768**	**N/A**	**1,741**	**N/A**

Sales of pre-owned mobile phones is our largest business segment. For the years ended December 31, 2023, 2024 and 2025, our revenue derived from our sales of pre-owned mobile phones amounted to approximately RMB1,050 million, RMB1,231.4 million and RMB1,669.5 million, representing approximately 90.6%, 94.9% and 94.3% of our total revenue for the same periods, respectively. The steady growth in revenue generated from our sales of pre-owned mobile phones during the Track Record Period was primarily due to the increases in their sales volume and/or average selling prices. Such increases were primarily attributable to (i) the continuous updating and upgrading of the new models of mobile phones which generally had higher selling prices than that of the older models; and (ii) the organic grow of our sales coupled by expansion of our trade-in recycling operation and our increased sales efficiency.

During the Track Record Period, other than pre-owned mobile phones, we also recycled and sold other pre-owned consumer electronic products, including laptops, PC tablets, phone accessories and other digital products. For the years ended December 31, 2023, 2024 and 2025, our revenue derived from the sales of other pre-owned consumer electronics amounted to approximately RMB90.3 million, RMB46.6 million and RMB78.3 million, representing approximately 7.8%, 3.6% and 4.4% of our total revenue for the same periods, respectively.

Revenue by sales channel

During the Track Record Period, majority of our procured pre-owned consumer electronics were sold through real-time open biding module on our Shanhui Youpin (閃回有品) online sales platform. Such module is seamlessly synchronized with our offline store trade-in recycling transactions, allowing customers to place concurrent bids. Each pre-owned consumer electronic device is awarded to the successful bidder offering the highest price during the session. For the years ended December 31, 2023, 2024 and 2025, our revenue derived from the sales of pre-owned consumer electronics via our real-time open bidding module was approximately 42.7%, 80.6% and 75.2% of our total revenue for the same periods, respectively. For more details, please refer to "Business — Our Sales — Shanhui Youpin (閃回有品) Online Sales Platform" in this document. Apart from our Shanhui Youpin (閃回有品) online sales platform, our sales channels also include our own online stores on third-party e-commerce platforms and offline sale.

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	80.9
– 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	234,335	13.2
Total:	**1,140,278**	**98.4**	**1,277,990**	**98.5**	**1,747,851**	**98.7**

The table below sets out the sales volume and average selling price of pre-owned consumer electronics that we sold by sales channel for the periods indicated, respectively:

	Year ended December 31,					
	2023		2024		2025	
	unit'000	Average selling price/unit (RMB)	unit'000	Average selling price/unit (RMB)	unit'000	Average selling price/unit (RMB)
Sales of pre-owned consumer electronics through sales platforms	1,545	679	1,256	971	1,583	956
– Sales through Shanhui Youpin (閃回有品)	1,375	678	1,167	989	1,524	939
– Sales through third-party e-commerce platforms	170	684	89	736	59	1,391
Sales of consumer electronics through offline sale	927	98	512	114	158	1,483
Total:	**2,472**	**N/A**	**1,768**	**N/A**	**1,741**	**N/A**

Cost of Sales

Cost of sales primarily consists of (i) our procurement costs of pre-owned consumer electronics sourced from individual consumers through the offline channels of our upstream sourcing partners; (ii) costs of promotion service and commission fees, primarily including promotion service fees which we pay to offline stores of our 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.

The following table sets out a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of our procurement of pre-owned consumer electronics(1)	954,778	88.4	1,095,118	88.7	1,511,020	91.2
Cost of promotion service and commission fees	74,391	6.9	98,138	7.9	105,746	6.4
Cost of logistics	16,258	1.5	14,443	1.2	14,657	0.9
Others(2)	34,623	3.2	27,466	2.2	24,939	1.5
Total:	**1,080,050**	**100**	**1,235,165**	**100**	**1,656,362**	**100**

Notes:

1. Cost of our procurement of pre-owned consumer electronics also included our procurement cost of excess inventories, demonstration consumer electronics and other consumer electronics through corporate recycling.

2. Others primarily include our costs related to labor, repair and maintenance and procurement of phone accessories and services relating to screen damage replacement.

Gross profit and gross profit margin

For the years ended December 31, 2023, 2024 and 2025, our gross profit was approximately RMB78.3 million, RMB62.1 million and RMB114.4 million, respectively, and our gross profit margin was approximately 6.8%, 4.8% and 6.5%, respectively.

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 buyers 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.

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

	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 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**

Other income and gains

The following table sets out a breakdown of our other income and gains for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income on structured deposits and bank deposits	414	2,204	140
Government grants	1,164	1,624	709
Fair value changes of financial assets measured at FVTPL and derivative financial liabilities	6,905	136	(1,266)
Others	551	(44)	515
Total:	**9,034**	**3,920**	**98**

Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC, which primarily included local governmental subsidies to support digital economy, brand building and business growth.

Our fair value changes of financial assets measured at FVTPL related to our equity investment into a company which is listed on the Stock Exchange. Our fair value changes of derivative financial liabilities represented the changes in fair value in relation to the options granted to certain financial institutions, all of which were either expired or terminated before or in January 2024. For more details of our options granted, please refer to "History, Reorganization and Corporate Structure – 3. Our Group Structure and Corporate History – 3.1.6 Share Option" in this document. Please also refer to note 23 to our financial statements included in the Accountants' Report in Appendix I to this document.

Others primarily included forfeited security deposit from our customers who participated in the bidding modules on our Shanhui Youpin (閃回有品) online sales platform but failed to complete payment within prescribed time limit, and the gain or loss on disposal of fixed assets.

Selling and distribution expenses

Our selling and distribution expenses primarily consisted of salaries and benefits of our sales personnel, marketing and advertising expenses, depreciation charges, travelling expenses and office expenses. For the years ended December 31, 2023, 2024 and 2025, our selling and distribution expenses were approximately RMB18.5 million, RMB20.3 million and RMB17.6 million, representing approximately 1.6%, 1.6% and 1% of our total revenue for the same periods, respectively.

The following table sets out a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff salaries and benefits	10,449	56.4	10,567	52.1	9,694	55.1
Marketing and advertising expenses	4,671	25.2	6,852	33.8	3,771	21.4
Depreciation charges	1,493	8.1	936	4.6	993	5.6
Travelling expenses	694	3.7	125	0.6	466	2.7
Office expenses	263	1.4	180	0.9	182	1.0
Others(1)	958	5.2	1,641	8.0	2,498	14.2
Total:	**18,528**	**100**	**20,301**	**100**	**17,604**	**100**

Notes:

1. Others primarily include other miscellaneous expenses such as business entertainment expenses, department activity expenses, and short-term rental expenses.

Administrative expenses

Our administrative expenses primarily consisted of salaries and benefits for our administrative staff, service fees for the third-party human resource service providers, consulting firm and other professional service providers, impairment loss on trade and other receivables, travelling and entertainment expenses, depreciation charges, office expenses and [**REDACTED**] expenses.

For the years ended December 31, 2023, 2024 and 2025, our administrative expenses were approximately RMB57.5 million, RMB65.7 million and RMB55.6 million, representing approximately 5%, 5.1% and 3.1% of our total revenue for the same period, respectively. During the Track Record Period, we had made continuous efforts on optimizing our management and administrative department to improve our operating efficiencies. The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff salaries and benefits	25,688	44.7	31,453	47.9	30,371	54.6
Service fees	7,030	12.2	6,787	10.3	6,497	11.7
Impairment loss on trade and other receivables	4,380	7.6	2,985	4.5	1,371	4.7
Travel and entertainment expenses	2,904	5.1	3,284	5.0	1,765	3.2

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Depreciation charges	844	1.5	2,338	3.6	2,613	2.5
Office expenses	2,764	4.8	1,909	2.9	1,030	1.7
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others[1]	3,033	5.3	2,290	3.5	3,877	7.0
Total:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note:

1. Others primarily include other miscellaneous expenses such as bank handling charges, conference expenses and property management expenses.

Research and development expenses

Our research and development expenses amounted to approximately RMB18.9 million, RMB18.7 million and RMB17.5 million, representing approximately 1.6%, 1.4% and 1% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Our research and development expenses primarily consisted of (i) salaries and benefits for technology and development team members, which amounted to approximately RMB11.4 million, RMB11.7 million and RMB13.1 million; and (ii) service fees paid to third-party technology service providers, which amounted to approximately RMB6.4 million, RMB5.5 million and RMB2.8 million for the same periods, respectively.

Finance costs

Our finance costs represent our interest expenses on bank and other borrowings and lease liabilities. For the years ended December 31, 2023, 2024 and 2025, our finance costs were approximately RMB3.4 million, RMB6.2 million and RMB3.4 million, respectively.

Changes in carrying amount of the redemption liabilities

Our changes in carrying amount of redemption liabilities represented the changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. For the years ended December 31, 2023, 2024 and 2025, our changes in carrying amount of redemption liabilities amounted to approximately RMB87.3 million, RMB21.5 million and RMB99.3 million, respectively. For more details of our [**REDACTED**] Investments, please refer to "History, Reorganization and Corporate Structure – 3. Our Group Structure and Corporate History" in this document. Please also refer to note 22 to our financial statements included in the Accountants' Report in Appendix I to this document.

Income tax

Income tax consists of current tax and deferred income tax by our Group. Current tax primarily comprises PRC corporate income tax payable by our PRC subsidiaries. We did not incur income tax during the Track Record Period, primarily as a result of realizing net losses during the same periods.

Under the current law of the Cayman Islands, we are not subject to any income tax in the Cayman Islands. Under the Hong Kong law, we are not subject to any income tax in Hong Kong as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period. Under the EIT Law, our subsidiaries in the PRC are subject to PRC income tax at the statutory PRC corporate income tax rate of 25%.

Please also refer to note 7 to our financial statements included in the Accountants' Report in Appendix I to this document for a more detailed discussion on our income tax.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Revenue by product

Our revenue increased by approximately 36.5% from approximately RMB1,297.3 million for the year ended December 31, 2024 to approximately RMB1,770.8 million for the year ended December 31, 2025, primarily due to the increase in our revenue generated from the sales of pre-owned mobile phones from approximately RMB1,231.4 million for the year ended December 31, 2024 to approximately RMB1,669.5 million for the year ended December 31, 2025. Such increase was primarily attributable to an increase in our sales volume of pre-owned mobile phones from approximately 1.2 million units to approximately 1.6 million units for the same period, primarily driven by (i) an increase in our recycling volume of pre-owned mobile phones as we continued to actively expand our sourcing network through offline stores of our upstream sourcing partners from 33,316 for the year ended December 31, 2024 to 51,302 for the year ended December 31, 2025; (ii) our continuous effort in expanding our customer base from 17,036 for the year ended December 31, 2024 to 21,003 for the year ended December 31, 2025; and (iii) ongoing refinement of real-time open bidding module on Shanhui Youpin (閃回有品) online sales platforms, including but not limited to (a) continuously optimizing our customer profiling to achieve more precise device dispatching, and (b) strategic integration of AI-driven order review protocols to supplement our manual inspection processes which significantly improved the precision of defect identification, providing our customers with greater transparency and grading certainty.

The increase in our revenue was also partially attributable to our increased revenue generated from sales of other pre-owned consumer electronic products from approximately RMB46.6 million for the year ended December 31, 2024 to approximately RMB78.3 million for the year ended December 31, 2025.

Revenue by sales channel

Our revenue generated from sales of pre-owned consumer electronics through our sales platforms increased by approximately 24.1% from approximately RMB1,219.8 million for the year ended December 31, 2024 to approximately RMB1,513.5 million for the year ended December 31, 2025. Such increase was primarily due to the increase in our revenue generated from the sales of pre-owned consumer electronics through our Shanhui Youpin (閃回有品) online sales platform from approximately RMB1,154.3 million to approximately RMB1,431.4 million for the same period, primarily driven by the increase in sales volume of pre-owned mobile phones as a result of the reasons aforesaid. The increase in our revenue by sales channels was also due to the increase in revenue generated from the sales of pre-owned consumer electronics through our self-operated online stores on various third-party e-commerce platforms from approximately RMB65.5 million for the year ended December 31, 2024 to approximately RMB82.1 million for the year ended December 31, 2025 as a result of our sales growth on certain e-commerce platforms, including but not limited to Douyin (抖音) and Pinduoduo (拼多多).

Furthermore, the increase in our revenue by sales channels for the year ended December 31, 2025 was also attributable to the increase in our revenue generated from the sales of consumer electronics through offline sale by approximately 302.8% from approximately RMB58.2 million for the year ended December 31, 2024 to approximately RMB234.4 million for the year ended December 31, 2025. Such significant increase was primarily due to the reason that we commenced conducting corporate recycling from a new upstream business partner who is a designated distributor of Consumer Electronic Brand F. The pre-owned consumer electronics we sourced through corporate recycling from this upstream business partner primarily consist of devices of Consumer Electronic Brand F with relatively higher selling prices from consumer returns and exchanges, excess inventory and demonstration devices.

Cost of sales

Our cost of sales increased by approximately 34.1% from approximately RMB1,235.2 million for the year ended December 31, 2024 to approximately RMB1,656.4 million for the year ended December 31, 2025, which was in line with the increase in our revenue. The increase in our cost of sales for the year ended December 31, 2025 was primarily attributable to the increase in our cost of procurement of pre-owned consumer electronics from approximately RMB1,095.1 million for the year ended December 31, 2024 to approximately RMB1,511 million for the year ended December 31, 2025 resulting from the increase in our sales volume.

Gross profit and gross profit margin

Our gross profit increased by approximately 84.2% from approximately RMB62.1 million for the year ended December 31, 2024 to approximately RMB114.4 million for the year ended December 31, 2025 which was primarily due to the increases in our revenue and gross profit margin for the same period.

Our gross profit margin increased from approximately 4.8% for the year ended December 31, 2024 to approximately 6.5% for the year ended December 31, 2025. Such increase was 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 customers, sales volume of pre-owned consumer electronics and our gross profit and gross profit margin for the year ended December 31, 2025.

Other income and gains

Our other income and gains decreased by 97.4% from approximately RMB3.9 million for the year ended December 31, 2024 to approximately RMB0.1 million for the year ended December 31, 2025. Such decrease was primarily due to (i) our loss on fair value changes of financial assets measured at FVTPL and derivative financial liabilities from approximately RMB1.3 million; and (ii) a decrease in government grants from approximately RMB1.6 million to approximately RMB0.7 million.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 13.3% from approximately RMB20.3 million for the year ended December 31, 2024 to approximately RMB17.6 million for the year ended December 31, 2025. Such decrease was primarily due to decrease in our marketing and advertising expenses from approximately RMB6.9 million to approximately RMB3.8 million for the same period.

Administrative expenses

Our administrative expenses decreased by approximately 15.4% from approximately RMB65.7 million for the year ended December 31, 2024 to approximately RMB55.6 million for the year ended December 31, 2025. Such decrease was primarily due to the decreases in (i) impairment loss on trade and other receivables from approximately RMB3 million to reversal of impairment loss of approximately RMB1.4 million; (ii) travel and entertainment expenses from approximately RMB3.3 million to approximately RMB1.8 million, for the same period.

Research and development expenses

Our research and development expenses decreased by approximately 6.4% from approximately RMB18.7 million for the year ended December 31, 2024 to approximately RMB17.5 million for the year ended December 31, 2025. Such decrease was primarily due to the decrease in service fees paid to third-party technology service providers from approximately RMB5.5 million to approximately RMB2.8 million for the same period.

Finance cost

Our finance costs decreased by approximately 45.2% from approximately RMB6.2 million for the year ended December 31, 2024 to RMB3.4 million for the year ended December 31, 2025. Such decrease was mainly due to the decrease in interest on bank loans and other borrowing from approximately RMB5.9 million to approximately RMB3.3 million for the same period.

Changes in carrying amount of the redemption liabilities

Our changes in carrying amount of redemption liabilities represented the changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. Our changes in carrying amount of redemption liabilities increased from approximately RMB21.5 million for the year ended December 31, 2024 to approximately RMB99.3 million for the year ended December 31, 2025. For more details of our carrying amount of the redemption liabilities, please refer to note 22 to Accountants' Report in Appendix I to this document.

Loss for the year

As a result of the foregoing, our loss for the year increased from approximately RMB66.4 million for the year ended December 31, 2024 to approximately RMB79 million for the year ended December 31, 2025.

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

Revenue

Revenue by product

Our revenue increased by approximately 12% 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, primarily due to the increase in our revenue generated from the sales of our pre-owned mobile phones from approximately RMB1,050 million for the year ended December 31, 2023 to approximately RMB1,231.4 million for the year ended December 31, 2024. Such increase was attributable to the increase in its average selling price from approximately RMB697 per unit for the year ended December 31, 2023 to RMB991 per unit for the year ended December 31, 2024, but partially offset by the decrease in sales volume from approximately 1.5 million units to approximately 1.2 million units for the same period. The increase in our average selling price of pre-owned mobile phones was primarily due to our sales of a higher proportion of pre-owned mobile phones with middle-to-high-end models. The decrease in our sales volume was primarily due to (i) a decline in the number of customers as we needed to cultivate new transaction habits among customers who previously accustomed to non-real-time open bidding module; in 2024, we shifted our sales focus to prioritize our real-time open bidding module over the non-real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform to cope with the steady increase in recycling traffic; our revenue generated from our real-time open bidding sales module increased from approximately 42.7% of total revenue for the year ended December 31, 2023 to approximately 80.6% of our total revenue for the year ended December 31, 2024; (ii) loss of sales orders resulting from failing to effectively and precisely dispatch specific consumer electronic devices to the compatible customer profiles during the limited bidding duration, usually within five minutes, due to operational inefficiency.

Revenue by sales channel

Our revenue generated from sales of pre-owned consumer electronics through our sales platforms increased by approximately 16.2% from approximately RMB1,049.3 million for the year ended December 31, 2023 to approximately RMB1,219.8 million for the year ended December 31, 2024. Such increase was primarily attributable to the increase in our sales of pre-owned consumer electronics through our Shanhui Youpin (閃回有品) online sales platform from approximately RMB932.4 million to approximately RMB1,154.3 million for the same period, primarily driven by the increase in our sales of pre-owned mobile phones through real-time open bidding module.

The increase in our revenue by sales channels for the year ended December 31, 2024 was partially offset by (i) the decrease in our sales through our own online stores on third-party e-commerce platforms from approximately RMB116.9 million for the year ended December 31, 2023 to approximately RMB65.5 million for the year ended December 31, 2024 with the decrease in its sales volume from approximately 170,000 units to approximately 89,000 units for the same period; and (ii) the decrease in our sales of consumer electronics through offline sale from approximately RMB91 million for the year ended December 31, 2023 to approximately RMB58.2 million for the year ended December 31, 2024.

Cost of sales

Our cost of sales increased by approximately 14.4% from approximately RMB1,080.1 million for the year ended December 31, 2023 to approximately RMB1,235.2 million for the year ended December 31, 2024, which was in line with the increase in our revenue. The increase in our cost of sales for the year ended December 31, 2024 was primarily attributable to the increase in our cost of procurement of pre-owned consumer electronics from approximately RMB954.8 million for the year ended December 31, 2023 to approximately RMB1,095.1 million for the year ended December 31, 2024 as a result of the increase in average selling price of our procured pre-owned mobile phones.

Gross profit and gross profit margin

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, respectively, which were primarily attributable to the decreases in both of our gross profit and gross profit margin of our sale of pre-owned mobile phones from approximately RMB61.2 million and 5.8% for the year ended December 31, 2023, respectively, to approximately RMB51.9 million and 4.2% for the year ended December 31, 2024, respectively. 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 in turn 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 target profit margin to offer higher recycling price, aimed to improve our recycling conversion rate to support our revenue growth.

Other income and gains

Our other income and gains decreased by approximately 56.7% from approximately RMB9 million for the year ended December 31, 2023 to approximately RMB3.9 million for the year ended December 31, 2024. Such decrease was primarily due to the decrease in our gains on fair value changes of financial assets measured at FVTPL and derivative financial liabilities of approximately RMB6.9 million for the year ended December 31, 2023 to approximately RMB0.1 million for the year ended December 31, 2024.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 9.7% from approximately RMB18.5 million for the year ended December 31, 2023 to approximately RMB20.3 million for the year ended December 31, 2024. Such increase was primarily due to the increase in our market and advertising expenses from approximately RMB4.7 million for the year ended December 31, 2023 to approximately RMB6.9 million for the year ended December 31, 2024.

Administrative expenses

Our administrative expenses increased by approximately 14.3% from approximately RMB57.5 million for the year ended December 31, 2023 to approximately RMB65.7 million for the year ended December 31, 2024. Such increase was primarily attributable to the increases in salaries and benefits of our managerial and administrative staff and depreciation charges from approximately RMB25.7 million and RMB0.8 million for the year ended December 31, 2023, respectively, to approximately RMB31.5 million and RMB2.3 million for the year ended December 31, 2024, respectively. The increase in our administrative expenses was also partially attributable to our [**REDACTED**] expenses.

Research and development expenses

We recorded research and development expenses of approximately RMB18.9 million for the year ended December 31, 2023 and approximately RMB18.7 million for the years ended December 31, 2024. Our research and development expenses remained relatively stable for such periods.

Finance costs

Our finance costs increased by approximately 82.4% from approximately RMB3.4 million for the year ended December 31, 2023 to approximately RMB6.2 million for the year ended December 31, 2024. Such increase was primarily due to the increase in our interest on bank loans and other borrowings from approximately RMB2.9 million for the year ended December 31, 2023 to approximately RMB5.9 million for the year ended December 31, 2024.

Changes in carrying amount of the redemption liabilities

Our changes in carrying amount of redemption liabilities represented the changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. Our changes in carrying amount of redemption liabilities amounted to approximately RMB87.3 million for the year ended December 31, 2023 as compared to approximately RMB21.5 million for the year ended December 31, 2024. For more details of our carrying amount of the redemption liabilities, please refer to note 22 to our financial statements included in the Accountants' Report in Appendix I to this document.

Loss for the year

As a result of the foregoing, our loss for the year decreased from approximately RMB98.3 million for the year ended December 31, 2023 to approximately RMB66.4 million for the year ended December 31, 2024.

LIQUIDITY AND CAPITAL RESOURCES

We require a substantial amount of capital to fund our working capital requirements and business expansion. Our operation and growth have primarily been financed by cash generated from our business operations and financing activities including bank and other borrowings and [**REDACTED**] Investment.

Cash Flow

For the years ended December 31, 2023, 2024 and 2025, we had cash and cash equivalents of approximately RMB79.1 million, RMB93.2 million and RMB91.7 million, respectively. 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**

Net cash (used in)/generated from operating activities

For the year ended December 31, 2023, our net cash used in operating activities amounted to approximately RMB47.8 million, which was primarily attributable to our loss before tax of approximately RMB98.3 million, as adjusted by (i) non-cash or non-operating items of changes in carrying amount of the redemption liabilities of approximately RMB87.3 million; and (ii) changes in working capital, which primarily comprised an increase in trade and other receivables of approximately RMB22.5 million and an increase of inventories of approximately RMB6.9 million.

For the year ended December 31, 2024, our net cash used in operating activities amounted to approximately RMB18.4 million, which was primarily attributable to our loss before taxation of RMB66.4 million, as adjusted by (i) non-cash or non-operating items of (a) changes in carrying amount of the redemption liabilities of approximately RMB21.5 million, (b) depreciation of property and equipment and right-of-use of approximately RMB7.1 million, and (c) financial cost of approximately RMB6.2 million; and (ii) changes in working capital, which primarily comprised an decrease in trade and other receivables of RMB6.5 million and an increase in trade and other payables of approximately RMB4.6 million.

For the year ended December 31, 2025, our net cash generated from operating activities amounted to approximately RMB38 million, which was primarily attributable to our loss before taxation of RMB79 million, as adjusted by (i) non-cash or non-operating items changes in carrying amount of the redemption liabilities of approximately RMB99.3 million; and (ii) changes in working capital, which primarily comprised an increase in trade and other receivables of approximately RMB29.7 million and an increase in trade and other payables of approximately RMB21.5 million.

Our net cash outflows from operating activities for the years ended December 31, 2023 and 2024 were primarily attributable to our losses for the same years. Our net cash outflow from operating activities for the year ended December 31, 2023 was also partially attributable to our increase of receivables from certain major upstream sourcing partners, which are mainstream consumer electronic brands and their designated distributors. The increase in our receivables were primarily due to (i) the increase in brand-sponsored promotion discounts that were offered to individual consumers by a mainstream consumer electronic brand but paid by us in advance as a result of our strengthened strategic collaborations with such brand to expand our trade-in recycling services; and (ii) the extension of settlement period from a consumer electronic brand due to the change of its internal trade payable policies. Our receivables from such consumer electronic brand decreased for the years ended December 31, 2024 and 2025, primarily due to the decreases in brand-sponsored promotional discounts paid by us in advance on behalf of such brand and its designated distributors resulting from their decreased promotional activities conducted. For more details of our receivables from upstream sourcing partners, please refer to "– Certain Items of Consolidated Statements of Financial Position – Trade and Other Receivables" in this section. Consequently, we recorded net cash inflow from operating activities of approximately RMB38 million for the year ended December 31, 2025.

Net cash (used in)/generated from investing activities

Our cash inflow for investing activities primarily consisted of redemption of structured deposits and interest received from structured deposits. Our cash outflow for investing activities primarily consisted of placement of structured deposits and payment for purchase of equipments.

For the year ended December 31, 2023, our net cash used in investing activities amounted to approximately RMB4.1 million, which was primarily due to our purchases of equipment for business expansion of approximately RMB4.1 million.

For the year ended December 31, 2024, our net cash used in investing activities amounted to approximately RMB3.8 million, which was primarily due to our purchases of equipment for business expansion of approximately RMB4.6 million, which was partially offset by the interest received from structured deposits of approximately RMB0.7 million.

For the year ended December 31, 2025, our net cash generated from investing activities amounted to approximately RMB0.5 million, which was primarily attributable to our proceeds from disposal of financial assets measured at FVTPL of approximately RMB1.1 million.

Net cash generated from/(used in) financing activities

Our cash inflow for financing activities primarily consisted of bank loans raised and proceeds from various rounds of [**REDACTED**] Investments completed during the Track Record Period and proceeds for bank loans and other borrowings. Our cash outflow for financing activities consists primarily of repayments and interest on bank loans and other borrowings and payment of [**REDACTED**] expenses.

For the year ended December 31, 2023, our net cash generated from financing activities amounted to approximately RMB87.9 million, which was primarily due to proceeds from our new bank loans and other borrowings of approximately RMB124 million. This cash inflow was partially offset by our repayment of bank loans and other borrowings of approximately RMB30 million.

For the year ended December 31, 2024, our net cash generated from financing activities amounted to approximately RMB35.9 million, which was primarily due to proceeds from investors of approximately RMB52.3 million. This cash inflow was partially offset by our interest on bank loans and other borrowings of approximately RMB5.9 million.

For the year ended December 31, 2025, our net cash used in financing activities amounted to approximately RMB39.7 million, which was primarily due to repayments of bank loans and other borrowings of RMB209 million. Such cash outflow was offset by our proceeds from bank loans and other borrowings of RMB178.4 million.

Current Assets and Liabilities

The following table sets out a breakdown of our current assets and liabilities 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 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, 2023, 2024 and 2025, we recorded net current liabilities of approximately RMB631.4 million, RMB700.5 million and RMB773.5 million, respectively. Our net current liabilities during the Track Record Period were primarily due to the increase in our redemption liabilities, which amounted to approximately RMB685.2 million, RMB759 million and RMB858.4 million as of the same dates, respectively, as a result of changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. We expect that we would be able to turn our net current liabilities position into a net current asset position when the preferential rights of these preferred shares are terminated as a result of their automatic conversion into ordinary Shares upon [**REDACTED**], at which time we expect to reclassify them from liabilities to equity. For more details of our [**REDACTED**] Investments, please refer to "History, Reorganization and Corporate Structure – 5. [**REDACTED**] Investments" in this document. Please also refer to note 22 to our financial statements included in the Accountants' Report in Appendix I to this document for more details of our redemption liabilities.

Our net current liabilities increased from approximately RMB631.4 million as of December 31, 2023 to approximately RMB700.5 million as of December 31, 2024. This was primarily due to (i) an increase in redemption liabilities of approximately RMB73.8 million resulting from subsequent measurement of redemption liabilities; (ii) a decrease in our trade and other receivables of approximately RMB9.1 million; and (iii) an increase in our trade and other payables of approximately RMB4.3 million. The increase in our net current liabilities was partially offset by (i) an increase in cash and cash equivalents of approximately RMB14.1 million; and (ii) an increase in our restricted bank deposits of approximately RMB2.3 million. Our decreased trade and other receivables and increased cash and cash equivalents were mainly due to the reduced brand-sponsored promotion discounts offered by a consumer electronic brand (and its designated distributors) to their trade-in consumers but paid by us in advance.

Our net current liabilities increased from approximately RMB700.5 million as of December 31, 2024 to approximately RMB773.5 million as of December 31, 2025. The was primarily due to (i) an increase in redemption liabilities of approximately RMB99.3 million resulting from subsequent measurement of redemption liabilities; and (ii) an increase in our trade and other payables of approximately RMB22.9 million as a result of our increased other payables to an upstream business partner for providing matching services. The increase in our net current liabilities was partially offset by (i) a decrease in bank loans of approximately RMB30.6 million; and (ii) an increase in trade and other receivables of approximately RMB30.4 million as a result of our increased receivables from upstream sourcing partner, in relation to the security deposit we paid in order to conduct recycling services as their service provider to expand our recycling operations.

Our net current liabilities were approximately RMB737 million (unaudited) as of March 31, 2026, being the latest practicable date for the purpose of indebtedness statement in this document.

We expect to improve our net current liabilities position, as (i) we will conduct strict inventory management to conduct regular inventory checks and promptly dispose of slow-moving and obsolete inventories to maintain optimal inventory levels; (ii) strengthen cost control and improve the management efficiency, such as conducting the comprehensive review of our various costs, from procurement to sales, to reduce the cost per unit of pre-owned consumer electronics or service and improve our profit margin; (iii) enhance the collection of trade receivables and conduct regular aging analysis of accounts receivable, focus on the items with a longer aging period, and take timely measures for those with potential bad debt risk; and (iv) we will be utilizing other financial resources available to us, including the [**REDACTED**] from the [**REDACTED**], our current cash and cash equivalents and our net cash flows from operating activities, which would lower our current liabilities by reducing current borrowings from banks and other financial institutions repayable within one year.

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.

CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories primarily consist of pre-owned consumer electronics at storage, in transit and in delivery. The following table sets out the breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Pre-owned consumer electronics	31,103	33,305	26,744
Less: provision	(419)	(551)	(1,461)
Total:	**30,684**	**32,754**	**25,283**

Our inventories were approximately RMB30.7 million, RMB32.8 million and RMB25.3 million as of December 31, 2023, 2024 and 2025, respectively. The decrease in our inventories as of December 31, 2025 was primarily due to our enhanced bidding participation and improved sales conversion rates as a result of our ongoing refinement of our real-time open bidding module and implementation of AI-based order review.

Pre-owned mobile phones have always been in short supply in the Chinese market and is estimated to continue to be so in the future. There are generally no shortage of demand of pre-owned mobile phones as there will always be a right buyer for any pre-owned mobile phone across the entire quality spectrum. With our proprietary systems, we are able to maintain an industry-leading end-to-end processing time of approximately 24 hours. This typically begins with the initial trade-in recycling transactions conducted at our upstream sourcing partners' store locations via our Shanhuishou (閃回收) recycling system and concludes with the resale and physical collection of our procured pre-owned consumer electronics for delivery to our customers or to our operation and inspection centers.

For the years ended December 31, 2023, 2024 and 2025, our average inventory turnover days were approximately 8.9, 9.4 and 6.4 days, respectively. According to Frost & Sullivan, the average inventory turnover days for the industry typically ranged from 10 to 15 days. Nevertheless, we adjust our inventory management policy from time to time and closely monitor our inventory level to ensure sufficient stock to satisfy customer demand and avoid excessive stock at the same time.

The following table sets out our average inventory turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Average inventory turnover days(1)............	8.9	9.4	6.4

Note:

1. Average inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant financial year divided by cost of sales of the relevant financial year and multiplied by the number of days in the relevant period, which is 365 days for a year.

As of March 31, 2026, approximately RMB18.4 million (unaudited) or 72.7% (unaudited) of our inventories as of December 31, 2025 was subsequently utilized.

The following table sets out the ageing analysis of our inventories as of the dates indicated based on the date of warehousing:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
1-30 days	25,806	30,346	19,977
31-60 days	3,282	1,496	855
61-90 days	981	249	2,688
91-180 days	625	104	444
181-360 days	55	633	24
Over 360 days	354	477	2,756
Total:	**31,103**	**33,305**	**26,744**

Trade and Other Receivables

Our trade and other receivables amounted to approximately RMB108 million, RMB98.8 million and RMB129.3 million as of December 31, 2023, 2024 and 2025, respectively. The following table sets out a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
– third parties	7,875	14,862	26,569
– related parties	3,913	5,996	2,979
Less: loss allowance	(4,982)	(6,797)	(7,721)
Net trade receivables	6,806	14,061	21,827
Receivables from upstream sourcing partners			
– third parties	48,241	30,408	6,812
– related parties	–	3	103
Less: loss allowance	(579)	(1,749)	(1,947)
Net receivables from upstream sourcing partners	47,662	28,662	4,968
Other receivables	15,766	15,756	75,373
Prepayments	13,913	16,123	11,357
Amount due from related parties	19,369	18,612	9,829
Other current assets	4,471	5,624	5,924
Total:	**107,987**	**98,838**	**129,278**

Trade receivables

Our trade receivables primarily consisted of trade receivables from third parties and trade receivables from related parties. Our trade receivables from third parties were mainly related to receivables due from various third-party e-commerce platforms for our sales of pre-owned consumer electronics on such platforms and receivables due from customers for our offline sale. Our trade receivables from related parties were mainly related to the provision of our value-added and after-sale services to our related parties. All of our trade receivables from related parties were receivables in trade nature due from one of our upstream sourcing partners, which is a mainstream consumer electronic brand and became our related parties due to its [**REDACTED**] Investment into us. For more details, please refer to "History, Reorganization and Corporate Structure – 3. Our Group Structure and Corporate History – 3.1.4 Series A [**REDACTED**] Investments" in this document and "– Related Party Transactions" in this section.

Allowance was primarily related to our trade receivables due from a merchant customer, which is a sizable chain retailer that had a relatively longer credit period. We typically review the recovery status of our trade receivables from each customer on a case-by-case basis and maintain strict control over our outstanding receivables and overdue balances in order to minimize our credit risk. As of December 31, 2023, 2024 and 2025, our net trade receivables were approximately RMB6.8 million, RMB14.1 million and RMB21.8 million, respectively.

Receivables from upstream sourcing partners

Our receivables from upstream sourcing partners consisted of receivables from third parties or related parties, both of which are mainstream consumer electronic brands and their designated distributors. During the Track Record Period, apart from the recycling prices of the pre-owned consumer electronics we paid to the individual consumers, we also paid brand-sponsored promotion discounts that were offered to individual consumers in advance on behalf of certain consumer electronic brands to facilitate the promotional sales of their new models of mobile phones transacted under our trade-in services depending on the specific arrangement with such consumer electronic brands. We typically reconcile the accounts with these consumer electronic brands on a monthly basis and then get reimbursed of such brand-sponsored promotion discount payments from them within three months. For more details of our recycling channels and business arrangement with our major upstream sourcing partners, please refer to "Business – Our Recycling Services – Our Upstream Sourcing Partners under Trade-in Services" in this document.

As of December 31, 2023, 2024 and 2025, our net receivables from upstream sourcing partners were approximately RMB47.7 million, RMB28.7 million and RMB5 million, respectively. The increases in our receivables from upstream sourcing partners for the year ended December 31, 2023 was primarily due to the increases in brand-sponsored promotion discounts that were offered to individual consumers by Consumer Electronic Brands A and B and their designated distributors but paid by us in advance, as a result of our strengthened strategic collaborations with them to expand our trade-in recycling services. The increase in our trade receivables for the year ended December 31, 2023 was also attributable to the increase in trade receivables from Consumer Electronic Brand A as a result of the extension of its settlement period with us due to the change of its internal trade payable policies. The relatively lower balance of our receivables from upstream sourcing partners as of December 31, 2024 and 2025 were primarily due to our decreased receivables from Consumer Electronic Brand A and its designated distributors resulting from their decreased promotional activities conducted. For the years ended December 31, 2023, 2024 and 2025, our receivables from Consumer Electronic Brand A and its designated distributors were approximately RMB48 million, RMB20.1 million and RMB1.6 million, respectively.

For the years ended December 31, 2023, 2024 and 2025, the total brand-sponsored promotion discounts that we paid to individual consumers in advance on behalf of our upstream sourcing partners, which are mainstream consumer electronic brands and their designated distributors amounted to approximately RMB262.4 million, RMB150.1 million and RMB61.9 million, respectively.

The following table sets out the ageing analysis of our trade receivables as of the dates indicated, based on the recognition date and net of loss allowance:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
1 – 60 days	3,003	10,470	19,451
61 – 120 days	3,789	3,568	2,096
121 to 180 days	14	23	280
	6,806	**14,061**	**21,827**

As of March 31, 2026, approximately RMB17.7 million (unaudited) or 81.2% (unaudited) of our trade receivables as of December 31, 2025 had been settled. The subsequent settlement of the remaining trade receivables as of December 31, 2025 has been ongoing and we are in normal business cooperation with the corresponding customers.

The following table sets out the ageing analysis of our receivables from upstream sourcing partners as of the dates indicated, based on the recognition date and net of loss allowance:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
1 – 60 days	43,997	24,976	4,740
61 – 120 days	3,646	3,630	15
121 to 180 days	19	56	213
	47,662	28,662	4,968

As of March 31, 2026, approximately RMB3.4 million (unaudited) or 68.6% (unaudited) of our receivables from upstream sourcing partners as of December 31, 2025 had been settled.

The following table sets out the average turnover days of our receivables, which included our trade receivables and receivables from upstream sourcing partners for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Average turnover days of our receivables(1)	14.7	13.7	7.2

Note:

1. Average turnover days of our receivables, which included our trade receivables and receivables from upstream sourcing partners, equal to the average of the opening and closing balances of our receivables, which included our trade receivables and receivables from upstream sourcing partners for the relevant financial year, divided by revenue for the relevant financial year and multiplied by the number of days in the relevant period, which is 365 days for a year.

The average turnover days of our receivables decreased from approximately 14.7 days for the year ended December 31, 2023 to approximately 13.7 days for the year ended December 31, 2024 and further to approximately 7.2 days for the year ended December 31, 2025, primarily attributable to the decreases in our receivables from Consumer Electronic Brand A (and its designated distributors) for the same periods.

Other receivables

Our other receivables primarily consisted of (i) our security deposit paid on various third-party e-commerce platforms in order to conduct our sale of pre-owned consumer electronics on such platforms; (ii) our security deposit paid to participate as a service provider of the centralized recycling management platforms launched by various mainstream consumer electronic brands; and (iii) our security deposit paid for our rented properties related to offices and inspection and operation centers. As of December 31, 2023, 2024 and 2025, our other receivables were approximately RMB15.8 million, RMB15.8 million and RMB75.4 million, respectively. The increase in our other receivables as of December 31, 2025 was primarily due to our receivables from upstream sourcing partners in relation to the security deposit we paid in order to conduct recycling services as their service providers to expand our recycling operations.

Prepayments

Our prepayments were primarily related to (i) our prepayments to certain consumer electronic brands for the procurement of pre-owned consumer electronics before delivery under our offline store trade-in services; and (ii) our prepayments made for certain corporate recycling. As of December 31, 2023, 2024 and 2025, our prepayments for purchase of inventories were approximately RMB13.9 million, RMB16.1 million and RMB11.4 million, respectively.

Amounts due from related parties

Our amounts due from related parties in trade nature were primarily related to our security deposit made in advance for conducting our recycling service transactions in the offline stores and online mall of our related parties, which are also our upstream sourcing partners and a mainstream consumer electronic brand. We are typically required to top up to the agreed security deposit when the balance falls below a certain level. For more details of our business arrangements with our major upstream sourcing partners, please refer to "Business – Our Recycling Services – Our Upstream Sourcing Partners under Trade-in Services" in this document. Our amounts due from related parties in trade nature amounted to approximately RMB19.4 million, RMB18.6 million and RMB9.8 million as of December 31, 2023, 2024 and 2025, respectively.

Our amounts due from related parties in non-trade nature were related to personal loans provided to certain key management team members, some of whom are our Shareholders. Such personal loans amounted to approximately nil, RMB5.3 million and RMB5.3 million as of December 31, 2023, 2024 and 2025, respectively, which will be fully settled prior to our [**REDACTED**].

Trade and other payables

Our trade and other payables amounted to approximately RMB47.7 million, RMB52.1 million and RMB75 million as of December 31, 2023, 2024 and 2025, respectively. The following table sets out a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Trade payables			
– third parties	7,531	11,226	31,620
– related parties	901	3,016	10,095
	8,432	14,242	41,715
Other payables and accrued charges			
– third parties	39,314	37,850	33,242
Total:	**47,746**	**52,092**	**74,957**

Trade payables

As of December 31, 2023, 2024 and 2025, our trade payables were approximately RMB8.4 million, RMB14.2 million and RMB41.7 million, respectively. Our trade payables primarily represent payables due to our upstream sourcing partners for our procurement of pre-owned consumer electronics. Such trade payables primarily included (i) our procurement payables for our corporate recycling; (ii) our procurement payables to certain mainstream consumer electronic brand for its advanced payments on behalf of us to procure the pre-owned consumer electronics from individual consumers under our trade-in services conducted in its online mall; (iii) our trade payables to third parties and related parties in relation to our promotion service and commission fee payables to our certain upstream sourcing partners and/or their relevant front sales staff; and (iv) logistics payables due to third-party logistics service providers for the transportation and delivery of our procured pre-owned consumer electronics. During the Track Record Period, all of our trade payables to related parties were payables in trade nature due to one of our upstream sourcing partners, which is a mainstream consumer electronic brand and became our related party due to its [**REDACTED**] Investment into us. For more details, please refer to "History, Reorganization and Corporate Structure – 3. Our Group Structure and Corporate History – 3.1.4 Series A [**REDACTED**] Investments" in this document and "– Related Party Transactions" in this section.

Our trade payables increased from approximately RMB8.4 million as of December 31, 2023 to approximately RMB14.2 million as of December 31, 2024, and further to approximately RMB41.7 million as of December 31, 2025. Such increases were in line with the growth of our trade-in recycling services for the same periods.

The following table sets out the ageing analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
1 – 60 days	5,794	9,248	30,226
61 – 120 days	1,630	2,454	2,704
121 to 180 days	420	1,881	2,201
Over 181 days	588	659	6,584
Total:	**8,432**	**14,242**	**41,715**

The following table sets out the average turnover days of our trade payables for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Average turnover days of our trade payables[1]	3.2	3.4	6.3

Note:

1. Trade payables turnover days for a year equals the average of opening and closing trade payables balance divided by cost of sales for the relevant year and multiplied by the number of days in the relevant period, which is 365 days for a year.

The average turnover days of our trade payables was relatively stable for the years ended December 31, 2023 and 2024. The average turnover days of our trade payables increased from approximately 3.4 days for the year ended December 31, 2024 to approximately 6.3 days for the year ended December 31, 2025, primarily due to our increased corporate recycling.

As of March 31, 2026, approximately RMB33.55 million (unaudited) or 80.4% (unaudited) of our trade payables as of December 31, 2025 had been settled.

Other payables and accrued charges

The following table sets out a breakdown of our other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other payables	14,621	12,464	12,545
Advance received	14,670	13,249	6,532
Tax payables	4,507	5,043	5,766
Payroll and welfare payables	5,277	6,599	7,812
Other current liabilities	239	495	587
Total:	**39,314**	**37,850**	**33,242**

Our other payables and accrued charges primarily consist of (i) other payables, which primarily consisted of (a) security deposit paid by our customers that were required by us in order to join different bidding modules on our Shanhui Youpin (閃回有品) online sales platform and (b) the advance payables to Menggongyuan; (ii) advance received, which primarily represented payments received in advance from our customers for the purchase of our pre-owned consumer electronics; (iii) tax payables; (iv) payroll and welfare payables; and (v) other current liabilities. As of December 31, 2023, 2024 and 2025, our other payables and accrued charges were approximately RMB39.3 million, RMB37.9 million and RMB33.2 million, respectively.

The decrease in our other payables and accrued charges from approximately RMB39.3 million as of December 31, 2023 to approximately RMB37.9 million as of December 31, 2024 was primarily due to our decreased other payables from approximately RMB14.6 million as of December 31, 2023 to approximately RMB12.5 million as of December 31, 2024. The decrease in our other payables and accrued charges from approximately RMB37.9 million as of December 31, 2024 to approximately RMB33.2 million as of December 31, 2025 was primarily due to a decrease in our advance received from approximately RMB13.2 million as of December 31, 2024 to RMB6.5 million as of December 31, 2025.

As of March 31, 2026, approximately RMB18.1 million (unaudited) or 54.4% (unaudited) of our other payables and accrued charges as of December 31, 2025 was subsequently settled.

Contract Liabilities

Our contract liabilities primarily represented advance payments made by our customers for the purchases of our pre-owned consumer electronics before we deliver the same to them. We typically require the majority of our customers to pay in full for their purchases in advance, and our contract liabilities decrease when our revenue is recognized upon delivery of the goods. Our contract liabilities amounted to approximately RMB4.7 million, RMB9.2 million and RMB18.1 million as of December 31, 2023, 2024 and 2025, respectively, as our sales continued to grow.

As of March 31, 2026, approximately RMB16 million (unaudited) or 86.7% (unaudited) of our contract liabilities as of December 31, 2025 was subsequently recognized as revenue.

Provision

Our provision was primarily related to our quality warranty and estimated costs related to litigation. Our provision amounted to approximately RMB1 million, RMB1 million and RMB1.1 million as of December 31, 2023, 2024 and 2025.

Redemption Liabilities

Historically, we granted preferential rights to certain [**REDACTED**] Investors in relation to our [**REDACTED**] Investments. As a result of such preferential rights, our Group's obligation to redeem its shares for cash upon the occurrence of events that are beyond the control of both our Group and the holders give rise to a financial liability. Our redemption liabilities were initially measured at the present value of the redemption amount and subsequently any changes in the carrying amount of the redemption liabilities are recorded in "changes in carrying amount of the redemption liabilities" in the consolidated statements of profit or loss. For more details of our redemption liabilities, please refer to note 22 to our financial statements included in the Accountant's Report in Appendix I to this document.

As of December 31, 2023, 2024 and 2025, we recorded redeemable liabilities of approximately RMB685.2 million, RMB759 million and RMB858.4 million, respectively.

Derivative Financial Liabilities

As of December 31, 2023, 2024 and 2025, we recorded the options held by certain financial institutions as derivative financial liabilities at approximately RMB1 million, nil and nil, respectively. We recorded fair value gain of approximately RMB7.1 million for the year ended December 31, 2023. These amounts were also credited to our consolidated statements of financial position and thus resulted in fluctuated balance of such liability. We disposed derivative financial liabilities in January 2024.

Our derivative financial liabilities are measured at fair value for financial reporting purposes. For more details of our fair value measurement, please refer to note 26(e) to our financial statements included in the Accountants' Report in Appendix I to this document.

Our Directors are satisfied with the valuation exercise for financial liabilities categorized as Level 3 financial instruments in the historical financial information for the Track Record Period as contained in the Accountants' Report set out in Appendix I to this document, after having (i) considered necessary financial and non-financial information so as to perform valuation procedures; (ii) reviewed the relevant agreements of derivative financial liabilities at FVTPL; (iii) reviewed the independent professional valuer's qualification and experience and the scope of work of the valuer's mandate before its engagement; (iv) discussed with the independent professional valuer, provided the valuer with all relevant information that might affect the valuation and reviewed the valuation methodologies and valuation report on which the valuation was based; (v) reviewed the valuation report prepared by the valuer regarding the fair value of the Level 3 financial liabilities; and (vi) discussed with the reporting accountants of our Company in respect of the key assumptions used in the valuation models.

Investment and treasury management policies

During the Track Record Period, we have implemented the following investment and treasury management policies: (i) the purpose of our investment in wealth management products is to preserve the time value of our cash reserves and to fund our business of providing equity investment services; (ii) we only invest in low-risk wealth management products with reasonable guaranteed returns and diversify our investment portfolio to minimize risk exposure; (iii) we evaluate the risks related to the financial assets according to the risk assessment guidelines promulgated by the issuing licensed commercial banks; (iv) our finance department is responsible for the purchase and management of our wealth management products and evaluates their respective terms including, among others, liquidity, risk and expected return before submitting them to our chief financial officer for final decision; and (v) we only invest when there is no short-term need of cash by our operating activities and when our cash reserves are abundant.

Going forward, we plan to strictly implement our investment and treasury management policies and, as part of our investment and treasury management, may purchase wealth management products that meet our criteria where we believe prudent after the [**REDACTED**]. After [**REDACTED**], our investments in these financial assets will be subject to compliance with Chapter 14 of the Listing Rules.

INDEBTEDNESS

Statement of Indebtedness

Our indebtedness during the Track Record Period consisted primarily of bank loans and lease liabilities. The following table sets out a breakdown of our indebtedness 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)
Non-current				
Lease liabilities	5,491	678	545	12,785
Current				
Bank loans	105,000	101,500	70,900	100,900
Lease liabilities	5,531	6,023	1,822	3,564
Redemption liabilities	685,213	759,024	858,358	858,358
Total:	**801,235**	**867,225**	**931,625**	**975,607**

Bank Loans

During the Track Record Period, our bank loans were on normal commercial terms with fixed and variable interest rates and are repayable within one year. The following table sets out the principal amounts of our bank loans as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year on demand	105,000	101,500	70,900

Our bank loans were approximately RMB105 million, RMB101.5 million and RMB70.9 million as of December 31, 2023, 2024 and 2025, respectively. During the Track Record Period, the nominal interest rates of our fixed rate bank loans generally ranged from approximately 3.50% to 4.45% per annum. Our bank loans were guaranteed or jointly guaranteed by related parties, including our chairman and executive Director, Mr. Liu, and his wife, Ms. Ao Huili. All guarantees provided by the related parties for our bank loans will be released upon our [**REDACTED**]. For more details, please also refer to note 19 to our financial statements included in the Accountants' Report in Appendix I to this document.

As of March 31, 2026, being the latest practicable date for the purpose of indebtedness statement in this document, our bank loans amounted to approximately RMB100.9 million (unaudited), and we had approximately RMB89 million (unaudited) of unutilized banking facilities. Our Directors confirm that there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants from March 31, 2026, being the latest practicable date for the purpose of indebtedness statement in this document and up to the date of this document.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as of March 31, 2026, we did not have any loan capital issue and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, higher purchases, or finance lease commitments, guarantees or other material contingent liabilities. Our Directors also confirm that there had been no any material change in indebtedness since March 31, 2026 up to the date of document.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements, which were unsecured and unguaranteed. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	5,531	6,023	1,822
After 1 year but within 2 years	5,152	678	545
After 2 years but within 5 years	339	–	–
Total:	**11,022**	**6,701**	**2,367**

As of December 31, 2023, 2024 and 2025, our lease liabilities were approximately RMB11 million, RMB6.7 million and RMB2.4 million, respectively. These lease liabilities were mainly related to lease contracts of our offices and operation and inspection centers.

Redemption Liabilities

Our Group's contractual obligations to purchase its own Shares or redeem its preferred Shares for cash upon the occurrence of events that are beyond the control of both our Group and the holders give rise to financial liabilities.

The redemption liabilities are initially measured at the present value of the redemption amount. Subsequently, any changes in the carrying amount of the redemption liabilities are recorded in "changes in carrying amount of the redemption liabilities" in the consolidated statements of profit or loss.

Our Group derecognises the redemption liabilities when, and only when, our Group's redemption obligations are discharged, cancelled, or have expired. When the redemption liabilities expire without exercise, the carrying amount of the redemption liabilities is reclassified to equity.

CAPITAL EXPENDITURES AND COMMITMENTS

During the Track Record Period, we did not incur any material capital expenditures due to our assets-light business model.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into various transactions with entities controlled by one of our equity Shareholders, Shanghai Jiaozeng, which became our [**REDACTED**] Investor through Jinmi Investment in 2018. For more details, please refer to "History, Reorganization and Corporate Structure – 3. Our Group Structure and Corporate History – 3.1.4 Series A [**REDACTED**] Investments" in this document. These entities controlled by Shanghai Jiaozeng have been and will continue to be our upstream sourcing partners, which were a mainstream consumer electronic brand.

Receiving of Services and Procurement of Goods from Our Related Parties

During the Track Record Period, based on the arrangements with our upstream sourcing partners tailored to their specific conditions and needs, we typically paid an agreed percentage of the total monthly procurement value of the pre-owned consumer electronic device we procured as promotion service fees to them and/or commission fees to their relevant front sales staff. Further, we are also a regular processor of certain consumer electronic brands to handle their excess inventories, demonstration consumer electronics and/or other recycling requests of consumer electronics in bulk to satisfy the business needs of our upstream business partners.

Rendering of Services and Sale of Goods to Our Related Parties

During the Track Record Period, we collaborated with our related parties to provide after-sale services to individual consumers, such as screen assurance services and guarantee value trade-in services, and other value-added services. We also handle some ad-hoc offline purchase requests of consumer electronics in bulk from our related parties, and procure and sell the same which meet the requirements to satisfy their business needs.

For more details of our business arrangement with our related parties, please refer to "Business – Our Recycling Services – Our Upstream Sourcing Partners under Trade-in Services" in this document.

All of our transactions entered into with our related parties during the Track Record Period were trade in nature and were conducted on an arm's length basis. For the years ended December 31, 2023, 2024 and 2025, our receiving of services and purchases from these related parties amounted to a total of approximately RMB40.6 million, RMB42.2 million and RMB34 million, respectively, and our revenue generated from rendering of services to these related parties amounted to a total of approximately RMB1.6 million, RMB0.4 million and RMB0.2 million, respectively. For more details of our related party transactions, please refer to note 27(b) to the Accountants' Report in Appendix I to this document.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we had no material contingent liabilities. We are not involved in any current material legal proceedings, nor are we aware of any pending or potential material legal proceedings that involve our Group. If we were involved in such material legal proceedings, we would record any loss contingencies when, based on information then available, it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Our Directors confirm that there had been no contingent liabilities of our Group since December 31, 2025 and up to the Latest Practicable Date.

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]	(0.6%)	(2.4%)	1.6%

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%.

Revenue Growth Rate

Our revenue growth rate decreased from approximately 26% for the year ended December 31, 2023 to approximately 12% for the year ended December 31, 2024. Such decrease was primarily due to the decrease in our sales volume of pre-owned mobile phones resulting from (i) a reduction in the number of customers as we needed time to cultivate new transaction habits among our customers who previously accustomed to non-real-time open bidding module; and (ii) loss of sales orders resulting from failing to effectively or precisely dispatch specific consumer electronic devices to compatible customer profiles during the limited bidding duration, usually within five minutes, due to operational inefficiency. For more details, please refer to "– Period to Period Comparison of Results of Operations – Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 – Revenue" in this section. Our revenue growth rate increased to approximately 36.5% for the year ended December 31, 2025. Such increase was primarily attributable to an increase in our sales volume of pre-owned mobile phones, driven by (i) an increase in our recycling volume of pre-owned mobile phones as we continued to actively expand our sourcing network through offline stores of our upstream sourcing partners from 33, 316 for the year ended December 31, 2024 to 51,302 for the year ended December 31, 2025; (ii) our continuous effort in expanding our customer base; and (iii) our ongoing refinement of real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform to achieve more precise device dispatching. For more details, please refer to "– Period to Period Comparison of Results of Operations – Year Ended December 31, 2025 Compared to Year Ended December 31, 2024 – Revenue" in this section.

Gross Profit Margin

Our gross profit margin decreased from approximately 6.8% for the year ended December 31, 2023 to approximately 4.8% for the year ended December 31, 2024. Such decrease was primarily due to the reasons that (i) we had to reduce our target profit margin to support revenue growth in response to the decline in customer numbers and sales volume caused by the shift in our sales focus to prioritize real-time open bidding module over non-real-time open bidding module; (ii) we increased our promotion service and commission fees as a result of our continuous efforts in strengthening our offline recycling channels to secure our recycling volume in response to the aforementioned operational challenges; and (iii) we faced the intensified market competition due to the implementations of centralized recycling management platforms by certain domestic consumer electronic brands. For more details, please refer to "– Period to Period Comparison of Results of Operations – Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 – Gross Profit and Gross Profit Margin" in this section. Our gross profit margin increased from approximately 4.8% for the year ended December 31, 2024 to approximately 6.5% for the year ended December 31, 2025. This increase was primarily attributable to (i) our enhanced target profit margin as a result of our ongoing refinement of real-time open bidding module by continuously optimizing our customer profiling to achieve more precise device dispatching; (ii) the continuous optimization of promotion service and commission fee structure; and (iii) the strategic integration of AI-driven order review to supplement our manual inspection process, which significantly improved the precision of defect identification, providing our customers with greater transparency and grading certainty. For more details, please refer to "– Period to Period Comparison of Results of Operations – Year Ended December 31, 2025 Compared to Year Ended December 31, 2024 – Gross Profit and Gross Profit Margin" in this section.

Net Loss Margin

Our net loss margin decreased from approximately 8.5% for the year ended December 31, 2023 to approximately 5.1% for the year ended December 31, 2024, and further to approximately 4.5% for the year ended December 31, 2025. Our net loss margins during the Track Record Period were due to (i) our losses during the Track Record Period; and (ii) the changes in carrying amount of our redemption liabilities of approximately RMB87.3 million, RMB21.5 million and RMB99.3 million for the same periods, respectively, which represented the amount of changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors.

Adjusted (Loss)/Profit Margin (Non-IFRS Measure)

Our adjusted loss margin (non-IFRS measure) for the year ended December 31, 2023 increased from approximately 0.6% to approximately 2.4% for the year ended December 31, 2024, primarily due to the decrease in our gross profit margin for the period. We recorded adjusted profit margin (non-IFRS measure) of approximately 1.6% for the year ended December 31, 2025, primarily because our gross profit and gross profit margin both increased for the year ended December 31, 2025. For more details, please refer to "– Results of Operations – Non-IFRS Measures" in this section.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risks in the ordinary course of our business, including credit risks, liquidity risks, interest rate risks and currency risks. We manage our exposure to these and other market risks through regular operating and financial activities. For more details, please refer to note 26 of Appendix I to this document.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, receivables from upstream sourcing partners, other receivables and cash and cash equivalents.

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are mainly banks and financial institutions with high credit rating.

The Group is not exposed to significant credit risk from sales of pre-owned electronic products as the Group usually requires payments in advance before delivery.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. The Group's exposure to credit risk is mainly attributable to trade receivables related merchant customers. As of December 31, 2023, 2024 and 2025, approximately 80.4%, 64.3% and 58.1% of the trade receivables, respectively, was due from the Group's top five customers.

Receivables from upstream sourcing partners

The upstream sourcing partners offers promotion discounts to individual consumers which were paid by us in advance under our trade-in services. We usually get reimbursed of such promotion discounts from our upstream sourcing partners within three months after we reconcile the accounts with them. We considered the credit risk exposure arising from the receivables from our upstream sourcing partners to be insignificant since the counterparties have strong financial capacity to meet their contractual cash flow obligations in the near term. The expected credit losses on these receivables are insignificant.

Liquidity Risk

Our Group's policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that our Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. Historically, our Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund our operations and business development. For more details, please refer to note 26(b) of Appendix I to this document.

Considered historical cash requirements, working capital and capital expenditures plans, estimated cash flows provided by operations, existing cash on hand, as well as other key factors, including utilization of credit facilities granted by financial institutions. Our management believes the assumptions used in the cash forecast are reasonable.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Currency Risk

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

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have distributable reserves for distribution to our equity holders.

[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 [**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.

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.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial or trading position since December 31, 2025, being the end date of the periods reported in the Accountants' Report in Appendix I to this document, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on the consolidated net tangible liabilities attributable to owners of our Company as if the [**REDACTED**] had been completed on December 31, 2025.

[**REDACTED**]