*The following is the text of a report set out on pages I-1 to I-[47], received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*

KPMG

## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANH TECHNOLOGY LIMITED AND ZERO2IPO CAPITAL LIMITED

### Introduction

We report on the historical financial information of ShanH Technology Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[47], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2023, 2024 and 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-[47] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

**Opinion**

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

***Adjustments***

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

***Dividends***

We refer to Note 25(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

***No statutory financial statements for the Company***

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

**[KPMG]**
*Certified Public Accountants*
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[●]

## HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shenzhen Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

*(Expressed in Renminbi)*

| | *Note* | Year ended December 31, 2023 | 2024 | 2025 |
|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 |
| Revenue | *4* | 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 | *5* | 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 | *6(a)* | (3,423) | (6,227) | (3,437) |
| Changes in carrying amount of the redemption liabilities | *22* | (87,302) | (21,537) | (99,334) |
| **Loss before taxation** | *6* | (98,268) | (66,443) | (78,990) |
| Income tax | *7(a)* | – | – | – |
| **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) |
| **Loss per share** | *10* | | | |
| Basic and diluted | | N/A | N/A | N/A |

* Defined in Note 1(a)

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*(Expressed in Renminbi)*

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| **Loss for the year** | (98,268) | (66,443) | (78,990) |
| **Other comprehensive income for the year (after tax and reclassification adjustments)** | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translation of: | | | |
| – financial statements of operations outside the Chinese Mainland | (56) | 556 | (222) |
| **Total comprehensive income for the year** | (98,324) | (65,887) | (79,212) |
| **Attributable to:** | | | |
| Owners of the Company/Shenzhen Shanhui* | (98,324) | (65,315) | (79,800) |
| Non-controlling interests | – | (572) | 588 |
| **Total comprehensive income for the year** | (98,324) | (65,887) | (79,212) |

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(Expressed in Renminbi)*

| | | As at December 31, | | |
|---|---|---|---|---|
| | *Note* | **2023** | **2024** | **2025** |
| | | **RMB'000** | **RMB'000** | **RMB'000** |
| **Non-current assets** | | | | |
| Property and equipment | *11(a)* | 3,992 | 5,806 | 4,296 |
| Right-of-use assets | *11(a)* | 8,835 | 5,811 | 2,187 |
| Other non-current asset | | 1,713 | 1,318 | 68 |
| | | 14,540 | 12,935 | 6,551 |
| **Current assets** | | | | |
| Inventories | *13(a)* | 30,684 | 32,754 | 25,283 |
| Trade and other receivables | *14* | 107,987 | 98,838 | 129,278 |
| Financial assets measured at fair value through profit or loss ("FVTPL") | *15* | 827 | 983 | – |
| Restricted bank deposits | *16* | 202 | 2,523 | 5,500 |
| Cash and cash equivalents | *16* | 79,096 | 93,204 | 91,681 |
| | | 218,796 | 228,302 | 251,742 |
| **Current liabilities** | | | | |
| Trade and other payables | *17* | 47,746 | 52,092 | 74,957 |
| Contract liabilities | *18* | 4,721 | 9,200 | 18,053 |
| Bank Loans | *19* | 105,000 | 101,500 | 70,900 |
| Lease liabilities | *20* | 5,531 | 6,023 | 1,822 |
| Provisions | *21* | 1,019 | 992 | 1,142 |
| Redemption liabilities | *22* | 685,213 | 759,024 | 858,358 |
| Derivative financial liabilities | *23* | 1,000 | – | – |
| | | 850,230 | 928,831 | 1,025,232 |

The accompanying notes form part of the Historical Financial Information.

| | Note | As at December 31, 2023 | 2024 | 2025 |
|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 |
| **Net current liabilities** | | (631,434) | (700,529) | (773,490) |
| **Total assets less current liabilities** | | (616,894) | (687,594) | (766,939) |
| **Non-current liabilities** | | | | |
| Lease liabilities | *20* | 5,491 | 678 | 545 |
| **NET LIABILITIES** | | (622,385) | (688,272) | (767,484) |
| **CAPITAL AND RESERVES** | | | | |
| Combined capital/Share capital | *25(a)* | 122 | 122 | 122 |
| Reserves | *25(c)* | (622,459) | (687,774) | (767,574) |
| **Total deficit attributable to owners of the Company/Shenzhen Shanhui** | | (622,337) | (687,652) | (767,452) |
| Non-controlling interests | | (48) | (620) | (32) |
| **TOTAL DEFICIT** | | (622,385) | (688,272) | (767,484) |

The accompanying notes form part of the Historical Financial Information.

**STATEMENT OF FINANCIAL POSITION OF THE COMPANY**
*(Expressed in Renminbi)*

| | | As at December 31, | | |
|---|---|---|---|---|
| | *Note* | **2023** | **2024** | **2025** |
| | | **RMB'000** | **RMB'000** | **RMB'000** |
| **Non-current asset** | | | | |
| Investment in a subsidiary | *12* | – | 168,112 | 167,707 |
| **Current assets** | | | | |
| Trade and other receivables | *14* | 111,551 | – | – |
| Financial assets measured at FVTPL | *15* | 827 | 983 | – |
| Cash and cash equivalents | *16* | 8,977 | 1,117 | 1,292 |
| | | 121,355 | 2,100 | 1,292 |
| **Current liabilities** | | | | |
| Redemption liabilities | *22* | 685,213 | 759,024 | 858,358 |
| | | 685,213 | 759,024 | 858,358 |
| **Net current liabilities** | | (563,858) | (756,924) | (857,066) |
| **Total assets less current liabilities** | | (563,858) | (588,812) | (689,359) |
| **NET LIABILITIES** | | (563,858) | (588,812) | (689,359) |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | *25(b)* | 122 | 122 | 122 |
| Reserves | *25(b)* | (563,980) | (588,934) | (689,481) |
| **TOTAL DEFICIT** | | (563,858) | (588,812) | (689,359) |

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(Expressed in Renminbi)*

| | Note | Combined capital/ Share capital | Capital reserve/ Share Premium | Share-based payment reserve | Other reserve | Exchange reserve | Accumulated losses | Subtotal | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | *Note 25 (a)* | *Note 25 (c) (i)* | *Note 25 (c) (ii)* | *Note 25 (c) (iii)* | *Note 25 (c) (iv)* | | | | |
| **Balance January 1, 2023** | | 21,088 | 37,112 | 16,667 | (160,772) | (76) | (247,227) | (333,208) | – | (333,208) |
| **Changes in equity for the year ended December 31, 2023** | | | | | | | | | | |
| – Loss for the year | | – | – | – | – | – | (98,268) | (98,268) | – | (98,268) |
| – Other comprehensive income | | – | – | – | – | (56) | – | (56) | – | (56) |
| **Total comprehensive income** | | – | – | – | – | (56) | (98,268) | (98,324) | – | (98,324) |
| Capital contribution by investors | *25(a) (ii)* | 717 | 1,151 | – | – | – | – | 1,868 | – | 1,868 |
| Issurance of shares by the Company | *25(a) (iii)* | 122 | 38,119 | – | – | – | – | 38,241 | – | 38,241 |
| Effect arising from recognition of redemption liabilities arising from new issuance of shares | | – | – | – | (11,709) | – | – | (11,709) | – | (11,709) |
| Recognition of redemption liabilities arising from modification | *22* | – | – | – | (181,469) | – | – | (181,469) | – | (181,469) |
| Equity-settled share-based transactions | *24* | – | – | 457 | – | – | – | 457 | – | 457 |
| Effect arising from Reorganisation | *25(c) (v)* | (21,805) | (117) | – | (16,832) | – | 561 | (38,193) | (48) | (38,241) |

The accompanying notes form part of the Historical Financial Information.

| | Note | Combined capital/ Share capital | Capital reserve/ Share Premium | Share-based payment reserve | Other reserve | Exchange reserve | Accumulated losses | Subtotal | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | *Note 25 (a)* | *Note 25 (c) (i)* | *Note 25 (c) (ii)* | *Note 25 (c) (iii)* | *Note 25 (c) (iv)* | | | | |
| **Balance at December 31, 2023 and January 1, 2024** | | 122 | 76,265 | 17,124 | (370,782) | (132) | (344,934) | (622,337) | (48) | (622,385) |
| **Changes in equity for the year ended December 31, 2024** | | | | | | | | | | |
| – Loss for the year | | – | – | – | – | – | (65,871) | (65,871) | (572) | (66,443) |
| – Other comprehensive income | | – | – | – | – | 556 | – | 556 | – | 556 |
| **Total comprehensive income** | | – | – | – | – | 556 | (65,871) | (65,315) | (572) | (65,887) |
| **Balance at December 31, 2024** | | 122 | 76,265 | 17,124 | (370,782) | 424 | (410,805) | (687,652) | (620) | (688,272) |
| – Loss for the year | | – | – | – | – | – | (79,578) | (79,578) | 588 | (78,990) |
| – Other comprehensive income | | – | – | – | – | (222) | – | (222) | – | (222) |
| **Total comprehensive income** | | – | – | – | – | (222) | (79,578) | (79,800) | 588 | (79,212) |
| **Balance at December 31, 2025** | | 122 | 76,265 | 17,124 | (370,782) | 202 | (490,383) | (767,452) | (32) | (767,484) |

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

*(Expressed in Renminbi)*

| | Note | Year ended December 31, | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | | **RMB'000** | **RMB'000** | **RMB'000** |
| **Operating activities** | | | | |
| Cash (used in)/generated from operations | *16(b)* | (47,774) | (18,449) | 38,033 |
| **Net cash (used in)/generated from operating activities** | | (47,774) | (18,449) | 38,033 |
| **Investing activities** | | | | |
| Payment for purchase of equipments | *11(a)* | (4,124) | (4,552) | (629) |
| Purchase of financial assets measured at FVTPL | | – | – | – |
| Placement of structured deposits | | – | (111,508) | – |
| Redemption of structured deposits | | – | 111,508 | – |
| Interest received from structured deposits | | – | 735 | – |
| Proceeds from disposal of financial assets measured at FVTPL | *15* | – | – | 1,118 |
| **Net cash (used in)/generated from investing activities** | | (4,124) | (3,817) | 489 |
| **Financing activities** | | | | |
| Proceeds from bank loans and other borrowings | *16(c)* | 124,000 | 161,500 | 178,400 |
| Repayments of bank loans and other borrowings | *16(c)& 22(c)(i)& 22(d)&* | (30,000) | (165,000) | (209,000) |
| Proceeds from investors | *25(a)(ii)* | 1,868 | 52,274 | – |
| Disposal of derivative financial liabilities | *23(ii)* | – | (1,000) | – |
| Interest on bank loans and other borrowings | *16(c)* | (2,915) | (5,884) | (3,285) |
| Capital element of lease rentals paid | *16(c)* | (3,344) | (4,348) | (4,810) |
| Interest element of lease rentals paid | *16(c)* | (508) | (343) | (152) |
| Payment of [REDACTED] expenses | | [REDACTED] | [REDACTED] | [REDACTED] |
| **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** | *16(a)* | 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** | *16(a)* | 79,096 | 93,204 | 91,681 |

The accompanying notes form part of the Historical Financial Information.

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

*(Expressed in Renminbi unless otherwise indicated)*

### 1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

#### (a) General information

ShanH Technology Limited ("the Company") was incorporated in the Cayman Islands on August 11, 2021 as an exempted company with limited liability under the Company Laws of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the Group reorganisation below. The Company and its subsidiaries (together as "the Group") are principally engaged in the sales of pre-owned consumer electronics and other services ("[**REDACTED**] Business") in the People's Republic of China (the "PRC").

#### (b) Reorganisation and basis of presentation

Prior to completion of the reorganisation (the "Reorganisation") as described below, the [**REDACTED**] Business was carried out through Shenzhen Shanhui Technology Co., Ltd. ("Shenzhen Shanhui") and its subsidiaries mainly established in the PRC (together referred to as "Shenzhen Shanhs Group"). To rationalise the corporate structure in preparation for the [**REDACTED**] of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group underwent a Reorganisation, as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Document. Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group. The Reorganisation only involved inserting newly formed entities with no substantive business operations as the new holding companies of Shenzhen Shanhui and its subsidiaries. There were no changes in the economic substances of the ownership and [**REDACTED**] Business carried out by Shenzhen Shanhs Group before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Shenzhen Shanhs Group with the assets and liabilities of Shenzhen Shanhs Group recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Track Record Period as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment, whichever is a shorter period.

The consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, as set out in this report have been prepared to present the financial position of the companies now comprising the Group as at those dates, taking into account the respective dates of incorporation, establishment or acquisition, where applicable.

#### (c) Subsidiaries

As at the date of this report, no audited financial statements have been prepared for the Company, as it has not carried on any business operation since the date of incorporation and is investment holding company and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

| Name of company | Date and place of incorporation/ establishment / operation | Particulars of issued/ registered capital | Proportion of ownership interest — Held by the Company | Proportion of ownership interest — Held by a subsidiary | Principal activities |
|---|---|---|---|---|---|
| ShanH Holding Limited (閃回控股有限公司) (a) | British Virgin Islands 17/09/2021 | USD1 | 100% | – | Investment Holding |
| Shanhui Technology Holding Limited (閃回科技控股有限公司) (b) | Hong Kong 19/10/2021 | HKD1 | – | 100% | provision of consumer electronics trade-in-and-resale services |

| Name of company | Date and place of incorporation/ establishment / operation | Particulars of issued/ registered capital | Proportion of ownership interest: Held by the Company | Proportion of ownership interest: Held by a subsidiary | Principal activities |
|---|---|---|---|---|---|
| Shenzhen Shanhui Technology Co., Ltd. (深圳閃回科技有限公司) (c)(d)* | The PRC 18/05/2016 | RMB21,804,966 | – | 98.18% | provision of consumer electronics trade-in-and-resale services |
| Shenzhen Tianhai Youpin Technology Co.,Ltd. (深圳天海優品科技有限公司) (c)(d)* | The PRC 13/01/2020 | RMB10,000,000 | – | 98.18% | provision of consumer electronics trade-in-and-resale services |
| Shenzhen Shanxin Software Technology Service Co., Limited. (深圳閃新軟件技術服務有限公司)(c)(d)* | The PRC 20/07/2022 | RMB10,000,000 | – | 98.18% | provision of technical services |
| Shenzhen Shanji Technology Co., Limited. (深圳閃吉科技有限公司) (c)(d)* | The PRC 16/01/2023 | RMB10,000,000 | – | 98.18% | provision of consumer electronics trade-in-and-resale services |
| Zhejiang Shanhui Technology Co.,Ltd.("Zhejiang Shanhui") (浙江閃回科技有限公司) (c)(e)* | The PRC 07/11/2023 | USD8,000,000 | – | 100% | provision of consumer electronics trade-in-and-resale services |
| Shenzhen Xinghe Zongheng Technology Co.,Ltd. (深圳星河縱橫科技有限公司) (e)(f)* | The PRC 24/05/2024 | USD8,000,000 | – | 100% | provision of consumer electronics trade-in-and-resale services |
| Shanhui Technology Indonesia. (印尼閃回科技有限公司) (g) | DKI Jakarta 09/02/2025 | Rp10,100,000,000 | – | 99% | provision of consumer electronics trade-in-and-resale services |

* The official name of these entities is in Chinese. The English translation of the companies' name is for reference only.

All companies now comprising the Group have adopted December 31 as their financial year end date.

*Notes:*

(a) The entity was not subject to statutory audit requirement under the relevant rules and regulations in the jurisdiction of incorporation.

(b) The audited financial statements of this entity for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the SME-FRS and audited by DAVE KWOK & Co. Certified Public Accountants (郭嘯南會計師事務所).

(c) The audited financial statements of this entity for the year ended December 31, 2023 were prepared in accordance with the PRC GAAP and audited by Shenzhen SunnySky Certified Public Accountants (深圳華陽天成會計師事務所(普通合夥)). The audited financial statements of this entity for the year ended December 31, 2024 and 2025 were prepared in accordance with the PRC GAAP and audited by Shenzhen Zhixin Certified Public Accountants (深圳市知信會計師事務所(普通合夥)).

(d) These entities are limited liability companies established in the PRC.

(e) These entities are wholly foreign-owned enterprises established in the PRC.

(f) The audited financial statements of this entity for the year ended December 31, 2024 and 2025 were prepared in accordance with the PRC GAAP and audited by Shenzhen Zhixin Certified Public Accountants (深圳市知信會計師事務所(普通合夥)).

(g) No audited financial statements have been prepared for the entity for the year ended December 31, 2025.

**(d) Basis of preparation**

As December 31, 2025, the Group had net current liabilities of RMB773,490,000 and net liabilities of RMB767,484,000, including redemption liabilities amounting to RMB858,358,000.

The Directors of the Company are of the opinion that no material uncertainty exists related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern, taking into account the following factors:

- the directors have assessed that redemption liabilities issued to investors would be converted into equity upon a qualified initial public offering which would lead to a significant improvement to the Group's net current liabilities and net liabilities positions. By excluding the redemption liabilities, the Group would be at a net current assets position of RMB84,868,000 and a net assets position of RMB90,874,000 as December 31, 2025;

- the Group has unutilised banking facilities of RMB44,100,000 as at December 31, 2025, which can be utilised by the Group to fulfill its liquidity requirements when necessary; and

- the Directors have reviewed the Group's cash flow projections, which cover a period of more than twelve months from December 31, 2025 and are of the opinion that the Group will have sufficient working capital to meet its liabilities and obligations as and when they fall due and to sustain its operations for at least the next twelve months from December 31, 2025.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards that are effective for the Track Record Period. The Group has not applied any new standard or interpretation that is not yet effective during the Track Record Period. The new and revised accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 29.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

**2 MATERIAL ACCOUNTING POLICY INFORMATION**

**(a) Basis of measurement**

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "Functional Currency"). The Historical Financial Information presented in Renminbi (''RMB''), rounded to the nearest thousand except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that financial assets measured at FVTPL and derivative financial liabilities are stated at fair value as explained in Note 2(e) respectively.

**(b) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

**(c) Consolidation**

***Subsidiaries and non-controlling interests***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised income and expenses (except for foreign currency transaction gains or losses), are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(g)(ii)).

**(d) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(g)(ii)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost or valuation of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

| | **Over the estimated useful life of the asset** |
|---|---|
| Furniture and electronic equipment | 3-5 years |
| Leasehold improvement | 3 years |

Both the useful life of an asset and its residual value, if any, are reviewed at each reporting period.

**(e) Derivative financial instruments**

Derivative financial instruments are initially measured recognised at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

**(f) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

***As a lessee***

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are storages. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(d) and 2(g)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**(g) Credit losses and impairment of assets**

***(i) Credit losses from financial instruments***

The Group recognises a loss allowance for expected credit losses ("ECL"s) on the financial assets measured at amortised cost, including cash and cash equivalents, trade receivables and other receivables.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls of fixed-rate financial assets, trade receivables and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof, where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

*Significant increases in credit risk*

When determine whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be default when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

*Credit-impired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becomes probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– the disappearance of an active market for a security because of financial difficulties of the issuer.

*Write-off policy*

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

***(ii) Impairment of other non-current assets***

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property and equipment, right-of-use assets; and

– investments in subsidiaries in the Company's statement of financial position.

**(h) 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.

**(i) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(r)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(j)).

**(j) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(g)(i)).

**(k) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(g)(i).

**(l) Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amount.

**(m) Redemption liabilities**

The Group's contractual obligations to purchase its own shares/redeem its preferred shares for cash upon the occurrence of events that are beyond the control of both the 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 carry amount of the redemption liabilities" in the consolidated statements of profit or loss.

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

**(n) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing cost.

**(o) Employee benefits**

***(i) Short-term employee benefits and contributions to defined contribution retirement plans***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Contribution to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

***(ii) Share-based payments***

The Group operates share incentive plan, under which it receives services from directors and employees as consideration for equity instruments (including share option) of the Group. The fair value of the services received in exchange for the grant of the equity instruments (share options) is recognised as an expense in the consolidated statements of profit or loss.

*Share options*

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing models:

– including any market performance conditions;

– excluding the impact of any service and non-market performance vesting conditions; and

– including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

A grant of share incentive awards, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group immediately recognises the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

**(p) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward.

**(q) Provisions and contingent liabilities**

Provisions are recognised when the Group has a legal, constructive obligation or quality assurance provided arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

**(r) Revenue and other income**

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

Further details of the Group's revenue and other income recognition policies are as follows:

***(i) Revenue from contracts with customers***

The Group principally generates its revenue from the sales of products, and provision of services.

– *Sales of products*

The 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*

The Group mainly provides procurement services, after-sales services, and testing services, etc. Revenue from the after-sales 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 the services transfers to the customers provided by the Group.

***(ii) Interest income***

Interest income is recognised as it accrues under the effective interest method.

***(iii) Government grants***

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

**(s) Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

**(t) Research and development expenses**

Research and development expenses comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

**(u) Related parties**

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(v) Segment reporting**

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 3 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 26 contains information about the assumptions and their risk factors relating to fair value of financial liabilities. Other significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

**(a) Recognition of deferred tax assets**

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

**(b) Loss allowance for trade and other receivables**

The Group estimates impairment losses for trade and other receivables by using expected credit loss models. Expected credit loss on these trade and other receivables are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Where the expectation is different from the original estimate, such difference will impact the loss allowance of trade and other receivables in the periods in which such estimate has been changed.

## 4 REVENUE AND SEGMENT REPORTING

**(a) Revenue**

The Group principally generates its revenue from the sale of pre-owned mobile phones, pre-owned electronic products, and other services.

*(i) Disaggregation of revenue*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Sales of pre-owned mobile phones | 1,050,003 | 1,231,356 | 1,669,521 |
| Sales of other pre-owned consumer electronics | 90,275 | 46,634 | 78,330 |
| Other services | 18,115 | 19,271 | 22,907 |
| | 1,158,393 | 1,297,261 | 1,770,758 |
| Disaggregated by timing of revenue recognition | | | |
| – Point in time | 1,147,615 | 1,291,386 | 1,764,336 |
| – Over time | 10,778 | 5,875 | 6,422 |
| | 1,158,393 | 1,297,261 | 1,770,758 |

For each year during the Track Record Period, the Group did not have any customer with which transactions have exceeded 10% of the Group's total revenue for the respective year.

*(ii)* The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for sales of products and provision of services, hence no information required by paragraph 120 of IFRS 15 was disclosed.

**(b) Segment reporting**

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. Accordingly, no reportable segment information is presented.

As substantially all of the Group's operations and assets are in the PRC, no geographic information is presented.

## 5 OTHER INCOME AND GAINS/(LOSSES)

| | 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 *(Note (i))* | 1,164 | 1,624 | 709 |
| Fair value changes of financial assets measured at FVTPL and derivative financial liabilities | 6,905 | 136 | (1,266) |
| Others (net) | 551 | (44) | 515 |
| | 9,034 | 3,920 | 98 |

*Note:*

(i) Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC.

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| ***(a) Finance costs*** | | | |
| Interest on bank loans and other borrowing | 2,915 | 5,884 | 3,285 |
| Interest on lease liabilities | 508 | 343 | 152 |
| Net foreign exchange gains | – | – | – |
| | 3,423 | 6,227 | 3,437 |

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| ***(b) Staff costs (including directors' emoluments)*** | | | |
| Salaries, allowances and other benefits | 53,678 | 53,410 | 60,265 |
| Discretionary bonuses | 1,856 | 4,195 | 2,194 |
| Share-based payment expenses | 457 | – | – |
| Retirement scheme contributions *(Note)* | 2,328 | 2,918 | 3,272 |
| | 58,319 | 60,523 | 65,731 |

*Note:* Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| ***(c) Other items*** | | | |
| Depreciation | | | |
| – property and equipment *(Note 11)* | 992 | 2,670 | 2,139 |
| – right-of-use assets *(Note 11)* | 4,162 | 4,458 | 4,632 |
| Impairment loss on trade and other receivables *(Note 26(a))* | 4,380 | 2,985 | 1,371 |
| Auditors' remuneration | 44 | 35 | 61 |
| [REDACTED] expenses | [REDACTED] | [REDACTED] | [REDACTED] |

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

**(a)** Reconciliation between tax credit and accounting loss at applicable tax rates:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Loss before taxation | (98,268) | (66,443) | (78,990) |
| Tax calculated at PRC statutory income tax rate of 25% | (24,567) | (16,611) | (19,748) |
| Tax effect of additional deduction for qualified research and development costs | (4,049) | (2,900) | (2,812) |
| Effect of different tax rates of companies operating in other jurisdictions | 1,722 | 1,448 | 821 |
| Tax effect of non-deductible expenses | 20,275 | 5,467 | 25,403 |
| Tax effect of temporary differences and unused tax losses not recognised | 6,619 | 12,596 | 399 |
| Utilisation of unrecognised tax losses | – | – | (4,063) |
| Income tax | – | – | – |

*Notes:*

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. The Group's subsidiaries in Hong Kong did not have any assessable profits for all the periods presented.

(iii) Taxable income for the Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the Track Record Period.

**(b) Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(p), the Group has not recognised deferred tax assets at the reporting dates. The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB96,464,000, RMB112,435,000 and RMB58,018,000 at December 31, 2023, 2024 and 2025, respectively, due to the unpredictability of future taxable profits. The unused tax losses of the Group will normally expire within 5 years.

## 8 DIRECTORS' EMOLUMENTS

Directors' emoluments as recorded in the Historical Financial Information are set out below:

| | Year ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Directors' fees | Salaries, allowances and other benefits | Discretionary bonuses | Share-based payment | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Chairman and Executive Director** | | | | | | |
| Mr. Liu Jianyi | – | 733 | 224 | – | 46 | 1,003 |
| **Executive Directors** | | | | | | |
| Ms. Yu Hairong | – | 666 | 232 | – | 40 | 938 |
| Mr. He Xiaomin | – | 535 | 201 | – | 31 | 767 |
| Mr. Lin Lexin | – | 535 | 196 | – | 29 | 760 |
| **Non-executive Director** | | | | | | |
| Mr. Jiang Wen | – | – | – | – | – | – |
| | – | 2,469 | 853 | – | 146 | 3,468 |

| | Year ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Directors' fees | Salaries, allowances and other benefits | Discretionary bonuses | Share-based payment | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Chairman and Executive Director** | | | | | | |
| Mr. Liu Jianyi | – | 564 | 321 | – | 50 | 935 |
| **Executive Directors** | | | | | | |
| Ms. Yu Hairong | – | 509 | 462 | – | 42 | 1,013 |
| Mr. He Xiaomin | – | 509 | 256 | – | 33 | 798 |
| Mr. Lin Lexin | – | 506 | 321 | – | 30 | 857 |
| **Non-executive Director** | | | | | | |
| Mr. Jiang Wen | – | – | – | – | – | – |
| | – | 2,088 | 1,360 | – | 155 | 3,603 |

| | Year ended December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Directors' fees | Salaries, allowances and other benefits | Discretionary bonuses | Share-based payment | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Chairman and Executive Director** | | | | | | |
| Mr. Liu Jianyi | – | 549 | 322 | – | 54 | 925 |
| **Executive Directors** | | | | | | |
| Ms. Yu Hairong | – | 496 | 537 | – | 42 | 1,075 |
| Mr. He Xiaomin | – | 509 | 266 | – | 33 | 808 |
| Mr. Lin Lexin | – | 564 | 346 | – | 31 | 941 |

| | Year ended December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Directors' fees | Salaries, allowances and other benefits | Discretionary bonuses | Share-based payment | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Non-executive Director** | | | | | | |
| Mr. Jiang Wen | – | – | – | – | – | – |
| | – | 2,118 | 1,471 | – | 160 | 3,749 |

*Notes:*

(a) Mr. Liu Jianyi joined the Group on May 18, 2016 and was appointed as the chairman of the Board of Directors the Company on August 11, 2021. He is the founder and key management personnel of the Group during the Track Record Period and his remuneration disclosed above include those for services rendered by him as key management personnel.

(b) Ms. Yu Hairong, Mr. He Xiaomin and Mr. Lin Lexin joined the Group in May 2016 and were appointed as executive directors of the Company on January 17, 2024. They are the key management personnel of the Group during the Track Record Period and their remuneration disclosed above include those for their services as key management personnel.

(c) Mr. Jiang Wen joined the Group in July 2018 and was appointed as a non-executive director of the Company on January 17, 2024.

(d) During the Track Record Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended December 31, 2023, 2024 and 2025, of the five individuals with the highest emoluments, three, three and three are directors whose emoluments are disclosed in Note 8.

The aggregate of the emoluments in respect of the other two, two and two individuals are as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Salaries,allowances and other benefits | 1,241 | 2,461 | 1,633 |
| Discretionary bonuses | 268 | 92 | 315 |
| Retirement scheme contributions | 72 | 60 | 84 |
| | 1,581 | 2,613 | 2,032 |

The emoluments of the three, one, two, two and two individuals with the highest emoluments are within the following bands.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | Number of individuals | Number of individuals | Number of individuals |
| HKD Nil – HKD1,000,000 | 2 | – | – |
| HKD1,000,001 – HKD1,500,000 | – | 1 | 2 |
| HKD1,500,001 – HKD2,000,000 | – | 1 | – |

## 10 LOSS PER SHARE

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of preparation and presentation as disclosed in Note 1.

## 11 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### (a) Reconciliation of carrying amount

| | Furniture and electronic equipment | Leasehold improvement | Subtotal | Rights-of-use assets | Total |
|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Cost:** | | | | | |
| At January 1, 2023 | 2,176 | 405 | 2,581 | 12,917 | 15,498 |
| Additions | 1,541 | 2,583 | 4,124 | 12,231 | 16,355 |
| Disposals | – | – | – | (4,539) | (4,539) |
| At December 31, 2023 | 3,717 | 2,988 | 6,705 | 20,609 | 27,314 |
| At January 1, 2024 | 3,717 | 2,988 | 6,705 | 20,609 | 27,314 |
| Additions | 2,896 | 1,656 | 4,552 | 2,357 | 6,909 |
| Disposals | (69) | (937) | (1,006) | (3,365) | (4,371) |
| At December 31, 2024 | 6,544 | 3,707 | 10,251 | 19,601 | 29,852 |
| At January 1, 2025 | 6,544 | 3,707 | 10,251 | 19,601 | 29,852 |
| Additions | 339 | 290 | 629 | 1,327 | 1,956 |
| Disposals | – | – | – | (3,036) | (3,036) |
| At December 31, 2025 | 6,883 | 3,997 | 10,880 | 17,892 | 28,772 |
| **Accumulated depreciation:** | | | | | |
| At January 1, 2023 | 1,645 | 76 | 1,721 | 9,592 | 11,313 |
| Change for the year | 294 | 698 | 992 | 4,162 | 5,154 |
| Written back on disposals | – | – | – | (1,980) | (1,980) |
| At December 31, 2023 | 1,939 | 774 | 2,713 | 11,774 | 14,487 |
| At January 1, 2024 | 1,939 | 774 | 2,713 | 11,774 | 14,487 |
| Change for the year | 754 | 1,916 | 2,670 | 4,458 | 7,128 |
| Written back on disposals | (1) | (937) | (938) | (2,442) | (3,380) |
| At December 31, 2024 | 2,692 | 1,753 | 4,445 | 13,790 | 18,235 |
| At January 1, 2025 | 2,692 | 1,753 | 4,445 | 13,790 | 18,235 |
| Change for the year | 986 | 1,153 | 2,139 | 4,632 | 6,771 |
| Written back on disposals | – | – | – | (2,717) | (2,717) |
| At December 31, 2025 | 3,678 | 2,906 | 6,584 | 15,705 | 22,289 |
| **Net book value:** | | | | | |
| At December 31, 2023 | 1,778 | 2,214 | 3,992 | 8,835 | 12,827 |
| At December 31, 2024 | 3,852 | 1,954 | 5,806 | 5,811 | 11,617 |
| At December 31, 2025 | 3,205 | 1,091 | 4,296 | 2,187 | 6,483 |

**(b) Right-of-use assets**

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Depreciation charge of right-of-use assets by class of underlying asset: | | | |
| Right-of-use assets | 4,162 | 4,458 | 4,632 |
| Interest on lease liabilities *(Note 16(c))* | 508 | 343 | 152 |
| Expense relating to short-term leases | 1,002 | 667 | 627 |

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 16 and 20, respectively.

The Group has obtained the right-of-use properties as its offices and warehouses through tenancy agreements. The leases period last from 1 to 5 years.

## 12 INVESTMENT IN A SUBSIDIARY

The carrying amount of the investment in a subsidiary in the Company's statements of financial position is listed below:

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Investment in a subsidiary, at cost *(i)* | – | 168,112 | 167,707 |

*Note:*

(i) Details of the subsidiary are set out in Note 1(c).

## 13 INVENTORIES

**(a)** Inventories in the consolidated statements of financial position comprise:

| | As at 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) |
| | 30,684 | 32,754 | 25,283 |

**(b)** The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Carrying amount of inventories sold | 979,790 | 1,095,118 | 1,529,715 |
| (Reversal of provision)/write-down of inventories | (1,717) | 132 | 910 |
| | 978,073 | 1,095,250 | 1,530,625 |

## 14 TRADE AND OTHER RECEIVABLES

**The Group**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Trade receivables | | | |
| – third parties | 7,875 | 14,862 | 26,569 |
| – related parties *(Note 27(b))* | 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 *(Note 27(b))* | – | 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 |
| Amounts due from related parties *(Note 27(b))* | 19,369 | 18,612 | 9,829 |
| Other current assets | 4,471 | 5,624 | 5,924 |
| | 107,987 | 98,838 | 129,278 |

**The Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Amounts due from related parties | 5,784 | – | – |
| Share subscription receivables | 105,767 | – | – |
| | 111,551 | – | – |

All of the trade and other receivables are expected to be recovered within one year.

Receivables from upstream sourcing partners represent the promotion discounts offered to individual consumers by certain consumer electronic brands which were paid by the Group in advance and will be reimbursed by the consumer electronic brands.

Other receivables mainly represented deposits paid to independent third parties for future purchase of pre-owned mobile phones.

**Ageing analysis**

As of the end of the reporting period, the ageing analysis of trade receivables and receivables from upstream sourcing partners based on the recognition date and net of loss allowance, is as follows:

Trade receivables

| | As at 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 |
| 121-180 days | 14 | 23 | 280 |
| | 6,806 | 14,061 | 21,827 |

Trade receivables are due within 30 to 60 days from the date of billing.

Receivables from upstream sourcing partners

| | As at 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 |
| 121-180 days | 19 | 56 | 213 |
| | 47,662 | 28,662 | 4,968 |

## 15 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Listed equity securities | 827 | 983 | – |

*Note:* The fair value of the listed equity securities is determined with reference to its trading price. The listed equity securities is disposed during the year ended December 31, 2025 at a cash consideration of RMB1,118,000.

## 16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

**(a)** Cash and cash equivalents comprise:

**The Group**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Cash at bank | 79,298 | 95,727 | 97,181 |
| Less: restricted bank deposits | (202) | (2,523) | (5,500) |
| | 79,096 | 93,204 | 91,681 |

**The Company**

| | As at December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Cash at bank | 8,977 | 1,117 | 1,292 |

**(b)** Reconciliation of loss before taxation to cash used in operations:

| | Note | Year ended December 31, | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | | RMB'000 | RMB'000 | RMB'000 |
| Loss before taxation | | (98,268) | (66,443) | (78,990) |
| Adjustments for: | | | | |
| Depreciation of property and equipment | *11(a)* | 992 | 2,670 | 2,139 |
| Depreciation of right-of-use assets | *11(a)* | 4,162 | 4,458 | 4,632 |
| Gain on disposal of right-of-use assets and property and equipment | | (193) | (159) | (532) |
| Impairment loss on trade and other receivables | *6(c)* | 4,380 | 2,985 | 1,371 |
| Write-down/(reversal of write-down) of inventories | | (1,717) | 132 | 910 |
| Increase/(decrease) in provisions | | (5,971) | (27) | 150 |
| Interest income from structured deposits | | – | (734) | – |
| Finance costs | *6(a)* | 3,423 | 6,227 | 3,437 |
| Changes in carrying amount of the redemption liabilities | | 87,302 | 21,537 | 99,334 |
| Fair value changes of financial assets measured at FVTPL and derivative financial liabilities | *5* | (6,905) | (136) | 1,266 |
| Share-based payment expenses | *6(b)* | 457 | – | – |
| Changes in working capital: | | | | |
| (Increase)/decrease in inventories | | (6,855) | (2,203) | 6,561 |
| (Increase)/decrese in trade and other receivables | | (22,531) | 6,484 | (29,660) |
| (Decrease)/increase in trade and other payables | | (1,751) | 4,601 | 21,539 |
| (Decrease)/increase in contract liabilities | | (4,297) | 4,480 | 8,853 |
| Increase in restricted bank deposits | | (2) | (2,321) | (2,977) |
| Cash (used in)/generated from operations | | (47,774) | (18,449) | 38,033 |

**(c) Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

| | Bank loans | Lease liabilities | Redemption liabilities | Derivative financial liabilities | Total |
|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | *(Note 19)* | *(Note 20)* | *(Note 22)* | *(Note 23)* | |
| **At January 1, 2023** | 11,000 | 3,673 | 376,386 | 8,077 | 399,136 |
| Changes from financing cash flows: | | | | | |
| Proceeds from bank loans and other borrowings | 124,000 | – | – | – | 124,000 |
| Repayment of bank loans and other borrowings | (30,000) | – | – | – | (30,000) |
| Interest of loans and other borrowings | (2,915) | – | – | – | (2,915) |
| Capital element of lease rentals paid | – | (3,344) | – | – | (3,344) |
| Interest element of lease rentals paid | – | (508) | – | – | (508) |
| **Total changes from financing cash flows** | 91,085 | (3,852) | – | – | 87,233 |

| | Bank loans | Lease liabilities | Redemption liabilities | Derivative financial liabilities | Total |
|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | *(Note 19)* | *(Note 20)* | *(Note 22)* | *(Note 23)* | |
| **Other changes:** | | | | | |
| Addition | – | 13,397 | – | – | 13,397 |
| Disposal | – | (2,704) | – | – | (2,704) |
| Interest expenses *(Note 6(a))* | 2,915 | 508 | – | – | 3,423 |
| Changes in carrying amount of the redemption liabilities | – | – | 87,302 | – | 87,302 |
| Recognition of redemption liabilities arising from new issuance of shares | – | – | 40,056 | – | 40,056 |
| Recognition of redemption liabilities arising from modification | – | – | 181,469 | – | 181,469 |
| Fair value changes of derivative financial liabilities | – | – | – | (7,077) | (7,077) |
| **Total other changes** | 2,915 | 11,201 | 308,827 | (7,077) | 315,866 |
| **At December 31, 2023** | 105,000 | 11,022 | 685,213 | 1,000 | 802,235 |

| | Bank loans | Lease liabilities | Redemption liabilities | Derivative financial liabilities | Total |
|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | *(Note 19)* | *(Note 20)* | *(Note 22)* | *(Note 23)* | |
| **At January 1, 2024** | 105,000 | 11,022 | 685,213 | 1,000 | 802,235 |
| Changes from financing cash flows: | | | | | |
| Proceeds from bank loans and other borrowings | 161,500 | – | – | – | 161,500 |
| Repayment of bank loans and other borrowings | (165,000) | – | – | – | (165,000) |
| Interest of bank loans and other borrowings | (5,884) | – | – | – | (5,884) |
| Capital element of lease rentals paid | – | (4,348) | – | – | (4,348) |
| Interest element of lease rentals paid | – | (343) | – | – | (343) |
| Disposal of derivative financial liabilities | – | – | – | (1,000) | (1,000) |
| **Total changes from financing cash flows** | (9,384) | (4,691) | – | (1,000) | (15,075) |
| **Other changes:** | | | | | |
| Addition | – | 2,357 | – | – | 2,357 |
| Disposal | – | (2,330) | – | – | (2,330) |
| Interest expenses *(Note 6(a))* | 5,884 | 343 | – | – | 6,227 |
| Recognition of redemption liabilities arising from new issuance of shares | – | – | 52,274 | – | 52,274 |
| Changes in carrying amount of the redemption liabilities | – | – | 21,537 | – | 21,537 |
| **Total other changes** | 5,884 | 370 | 73,811 | – | 80,065 |
| **At December 31, 2024** | 101,500 | 6,701 | 759,024 | – | 867,225 |

| | Bank loans | Lease liabilities | Redemption liabilities | Derivative financial liabilities | Total |
|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **At January 1, 2025** | 101,500 | 6,701 | 759,024 | – | 867,225 |
| Changes from financing cash flows: | – | – | – | – | – |
| Proceeds from bank loans and other borrowings | 178,400 | – | – | – | 178,400 |
| Repayment of bank loans and other borrowings | (209,000) | – | – | – | (209,000) |
| Interest of bank loans and other borrowings | (3,285) | – | – | – | (3,285) |
| Capital element of lease rentals paid | – | (4,810) | – | – | (4,810) |
| Interest element of lease rentals paid | – | (152) | – | – | (152) |
| **Total changes from financing cash flows** | (33,885) | (4,962) | – | – | (38,847) |
| **Other changes:** | | | | | |
| Addition | – | 1,327 | – | – | 1,327 |
| Disposal | – | (851) | – | – | (851) |
| Interest expenses *(Note 6(a))* | 3,285 | 152 | – | – | 3,437 |
| Changes in carrying amount of the redemption liabilities | – | – | 99,334 | – | 99,334 |
| **Total other changes** | 3,285 | 628 | 99,334 | – | 103,247 |
| **At December 31, 2025** | 70,900 | 2,367 | 858,358 | – | 931,625 |

**(d) Total cash outflow for leases**

Amounts included in the consolidated statements of cash flows for leases comprise the following:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Within operating cash flows | 1,002 | 667 | 627 |
| Within financing cash flows | 3,852 | 4,691 | 4,962 |
| | 4,854 | 5,358 | 5,589 |

## 17 TRADE AND OTHER PAYABLES

**The Group**

| | As at December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade payables *(Note)* | | | |
| – third parties | 7,531 | 11,226 | 31,620 |
| – related parties *(Note 27 (b))* | 901 | 3,016 | 10,095 |
| | 8,432 | 14,242 | 41,715 |
| Other payables and accrued charges | | | |
| – third parties | 39,314 | 37,850 | 33,242 |
| | 47,746 | 52,092 | 74,957 |

*Note:* All trade payables (including bills payables and amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

**The Group**

| | As at 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 |
| 121-180 days | 420 | 1,881 | 2,201 |
| Over 181 days | 588 | 659 | 6,584 |
| | 8,432 | 14,242 | 41,715 |

## 18 CONTRACT LIABILITIES

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Contract liabilities related to sales of products and provision of services | 4,721 | 9,200 | 18,053 |

*Note:*

(i) The Group receives an advance payment on acceptance of orders on a case-by-case basis. When the Group receives an advance payment before products or services are provided, this will give rise to contract liabilities. All of the contract liabilities are expected to be recognised as income within one year.

## 19 BANK LOANS

The analysis of the repayment schedule of bank loans is as follows:

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Within 1 year or on demand | 105,000 | 101,500 | 70,900 |

(a) The bank loans as at December 31, 2023, 2024 and 2025 were guaranteed or jointly guaranteed by related parties, including the Controlling Shareholder of the Company, Mr. Liu Jianyi, and his spouse, Ms. Ao Huili. All guarantees provided by the related parties for bank loans will be released prior to [**REDACTED**].

(b) Bank loans amounting to RMB105,000,000, RMB101,500,000 and RMB70,900,000 as at December 31, 2023, 2024 and 2025 are subject to the satisfaction of certain covenants relating to the operating conditions of Shenzhen Shanhui.

If Shenzhen Shanhui were to breach the covenants, the drawn down facilities would become payable on demand. Shenzhen Shanhui regularly monitors its compliance with these covenants. As at December 31, 2023, 2024 and 2025, none of the covenants relating to drawn down facilities had been breached.

## 20 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting year:

| | As at December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Present value of the minimum lease payments | Total minimum lease payments | Present value of the minimum lease payments | Total minimum lease payments | Present value of the minimum lease payments | Total minimum lease payments |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Within 1 year | 5,531 | 5,647 | 6,023 | 6,145 | 1,822 | 1,836 |
| After 1 year but within 2 years | 5,152 | 5,499 | 678 | 710 | 545 | 571 |
| After 2 years but within 5 years | 339 | 371 | – | – | – | – |
| | 5,491 | 5,870 | 678 | 710 | 545 | 571 |
| Less: total future interest expenses | – | (495) | – | (154) | – | (40) |
| Present value of lease liabilities | 11,022 | 11,022 | 6,701 | 6,701 | 2,367 | 2,367 |

## 21 PROVISIONS

| | As at December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Warranty provision | 1,019 | 992 | 1,142 |
| | 1,019 | 992 | 1,142 |

The movements of provisions during the Track Record Period were as follows:

| | As at December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Balance at the beginning of the year | 6,990 | 1,019 | 992 |
| Provisions for warranty | 29 | (27) | 150 |
| Settlement for litigation | (6,000) | – | – |
| Balance at the end of the year | 1,019 | 992 | 1,142 |

*Note:* During the year ended December 31, 2022, one of the Group's subsidiaries was involved in a civil lawsuit to fulfil its contractual obligation specified in a sales contract. The Group made a provision of RMB6,000,000 during the year ended December 31, 2022 based on its assessment of the possible outcome of this lawsuit. During the year ended 2023, a final judgement was ruled by a court against the subsidiary and the Group had fully settled the amount.

## 22 REDEMPTION LIABILITIES

The movement of the carrying amount of redemption liabilities is as follows:

| | Series A | Series C | Series D | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **At January 1, 2023** | 126,399 | 249,987 | – | 376,386 |
| Recognition of redemption liabilities arising from new issuance of shares *(Note c(vi))* | – | 40,056 | – | 40,056 |
| Recognition of redemption liabilities arising from modification *(Note c)* | – | 181,469 | – | 181,469 |
| Changes in carrying amount of the redemption liabilities | 65,984 | 21,318 | – | 87,302 |
| **At December 31, 2023** | 192,383 | 492,830 | – | 685,213 |
| Recognition of redemption liabilities arising from new issuance of shares *(Note d)* | – | – | 52,274 | 52,274 |
| Changes in carrying amount of the redemption liabilities | 4,867 | 8,342 | 8,328 | 21,537 |
| **At December 31, 2024** | 197,250 | 501,172 | 60,602 | 759,024 |
| Changes in carrying amount of the redemption liabilities | 27,449 | 67,340 | 4,545 | 99,334 |
| **At December 31, 2025** | 224,699 | 568,512 | 65,147 | 858,358 |

During 2018 to 2021, Shenzhen Shanhui entered into capital contribution agreements and shareholders agreements with various [**REDACTED**] investors. These Investors had been granted certain preferential rights along with their subscription of shares of Shenzhen Shanhui.

As part of the Reorganisation, these investors exchanged the shares and preferential rights held in Shenzhen Shanhui with the preferred shares issued by the Company. Unless otherwise stated, the key terms of the preferred shares give rise to substantially the same economic position as that of the shares and preferential rights held in Shenzhen Shanhui.

Details of the investments are set out below.

### (a) Series A investments

(i) In February 2018, pursuant to an equity transfer agreement entered into among Shenzhen Shanhui, three investors (the "Series A Investors"), and certain ordinary shareholders of Shenzhen Shanhui, the ordinary shareholders transferred 4.76% of the equity interest in Shenzhen Shanhui to the Series A Investors at a total consideration of RMB6,000,000.

(ii) In February 2018, Shenzhen Shanhui entered into a capital contribution agreement with the Series A Investors, pursuant to which, the Series A Investors subscribed for 16.0% of the enlarged equity interest in Shenzhen Shanhui at a total consideration of RMB24,000,000.

The key terms of the preferential rights granted to the Series A Investors are summarised as follows:

***Redemption rights***

The Series A Investors shall have the right to request Shenzhen Shanhui to redeem its shares upon the occurrence of certain contingent events including but not limited to the failure of the Group to complete a qualified [**REDACTED**] within 48 months after the issue date. The redemption price is the higher of (i) the investment amount paid by the Series A Investors plus a compound interest of 15% per annum and any declared but unpaid dividends; and (ii) the then fair value of the shares held by the Series A Investors.

***Liquidation preferences***

Upon the occurrence of a Liquidation Event, the Series A Investors shall be entitled to receive the liquidation preference amount calculated as the higher of (i) the sum of (a) 150% of the investment amount paid by the Series A Investors; (b) any declared but unpaid dividends and (c) a pro-rata share of Shenzhen Shanhui's remaining distributable net assets; and (ii) a pro-rata share of the sales proceeds resulting from the sales of assets or shares of Shenzhen Shanhui.

A Liquidation Event includes (i) a liquidation, dissolution or winding up of Shenzhen Shanhui; (ii) a sale or transfer of all or a significant portion of assets or business of the Group; (iii) a sale or exclusive licensing of all or a significant portion of intellectual properties of the Group to a third party; or (iv) a change in control of Shenzhen Shanhui upon a merger, acquisition, reorganisation or consolidation of Shenzhen Shanhui.

**(b) Series A-1 investments**

In February 2019, Shenzhen Shanhui entered into a capital contribution agreement with two investors (the "Series A-1 Investors"), pursuant to which, each of the investor subscribed for approximately 1.89% and 3.26% of the enlarged equity interest in Shenzhen Shanhui at a consideration of RMB10,000,000 and RMB17,200,000 respectively.

The key terms of the preferential rights granted to the Series A-1 Investors are summarised as follows:

***Redemption rights***

The Series A-1 Investors shall have the right to request Shenzhen Shanhui to redeem its shares upon the occurrence of certain contingent events including but not limited to the failure of the Group to complete a qualified [**REDACTED**] within 60 months after the issue date. The redemption price is the higher of (i) the investment amount paid by the Series B Investors plus a simple interest rate of 8% per annum and any declared but unpaid dividends; and (ii) the then fair value of the shares held by the Series A-1 Investors.

***Liquidation preferences***

Upon the occurrence of a Liquidation Event, the Series A-1 Investors shall be entitled to receive the liquidation preference amount calculated as the higher of (i) the sum of (a) 100% of the original investment amount paid by Series A-1 Investors; (b) any declared but unpaid dividends and (c) a pro-rata share of Shenzhen Shanhui's remaining distributable net assets; and (ii) a pro-data share of the sales proceeds resulting from the sales of assets or shares of Shenzhen Shanhui.

A Liquidation Event includes (i) a liquidation, dissolution or winding up of Shenzhen Shanhui; (ii) a sale or transfer of all or a significant portion of assets or business of the Group; (iii) a sale or exclusive licensing of all or a significant portion of intellectual properties of the Group to a third party; or (iv) a change in control of Shenzhen Shanhui upon a merger, acquisition, reorganisation or consolidation of Shenzhen Shanhui.

As part of the Reorganisation, the Series A and A-1 Investors exchanged the shares and preferential rights held in Shenzhen Shanhui with the Series A preferred shares issued by the Company. The key terms of the Series A preferred shares give rise to substantially the same economic position as that of the shares and preferential rights held in Shenzhen Shanhui.

**(c) Series C investments**

(i) In March 2021, Shenzhen Shanhui entered into a capital contribution agreement with investor C-1, pursuant to which, investor C-1 agreed to subscribe for approximately 5% of the enlarged equity interest in Shenzhen Shanhui at a consideration of RMB50,000,000.

(ii) In July 2021 and August 2021, pursuant to the equity transfer agreements entered into among Shenzhen Shanhui, one of the Series A-1 Investors, investor C-3 and an ordinary shareholder, investor C-3 acquired approximately 1.37% and 1.89% equity interest in Shenzhen Shanhui from the ordinary shareholder and the Series A-1 investor at a consideration of RMB10,276,500, and RMB14,226,000 respectively.

(iii) In August 2021, pursuant to the equity transfer agreements entered into among Shenzhen Shanhui, investor C-1, investor C-4, investor C-5 and certain ordinary shareholders, investor C-1, investor C-4 and investor C-5 acquired approximately 4.21%, 1.83% and 0.37% equity interest in Shenzhen Shanhui from the ordinary shareholders at a consideration of RMB30,000,000, RMB12,500,003 and RMB2,500,000 respectively.

(iv) In August 2021, pursuant to the equity transfer agreements entered into among Shenzhen Shanhui, investor C-2 (together with investor C-1, investor C-3, investor C-4 and investor C-5 referred to as the "Series C Investors"), and the Series A and Series A-1 investors, investor C-2, acquired approximately 10.27% equity interest in Shenzhen Shanhui from the Series A investors at a total consideration of RMB96,045,000.

(v) In August 2021, pursuant to the equity transfer agreement entered into among Shenzhen Shanhui, investor C-2, and investor C-5, investor C-5 acquired approximately 5.35% equity interest in Shenzhen Shanhui from investor C-2 at a consideration of RMB50,000,000.

(vi) In December 2023, the Company allotted and issued 406,950 preferred shares to investor C-6 and the consideration previously received by the Company amounting to USD4,005,000 (equivalent to RMB28,347,000) was reclassfied from other payable.

The key terms of the preferential rights granted to the Series C Investors are summarised as follows:

***Redemption rights***

The Series C Investors shall have the right to request Shenzhen Shanhui to redeem its shares upon the occurrence of certain contingent events including but not limited to the failure of the Group to complete a qualified [**REDACTED**] before December 31, 2023. The redemption price is the higher of (i) the investment amount paid by the Series C Investors plus a simple interest of 10% per annum minus any dividends paid; and (ii) the pro-rata share of Shenzhen Shanhui's net assets.

***Liquidation preferences***

Upon the occurrence of a Liquidation Event, the Series C Investors shall be entitled to receive the liquidation preference amount calculated as the sum of (i) the higher of (a) 110% of the investment amount paid by the Series C Investors; and (b) the investment amount paid by Series C Investors and the consideration paid by the Series C Investors plus a simple interest of 10% per annum; and (ii) a pro-rata share of Shenzhen Shanhui's remaining distributable net assets.

A Liquidation Event includes (i) a liquidation, dissolution or winding up of Shenzhen Shanhui; (ii) a sale or transfer of all or a significant portion of assets or business of the Group; (iii) a sale or exclusive licensing of all or a significant portion of intellectual properties of the Group to a third party; (iv) a change in control of Shenzhen Shanhui upon a merger, acquisition, reorganisation or consolidation of Shenzhen Shanhui; (v) resignation of the controlling shareholder; or (vi) breach of law and material misconduct by the controlling shareholder resulting in significant loss to Shenzhen Shanhui.

As part of the Reorganisation, the Series C Investors exchanged the shares and preferential rights they held in Shenzhen Shanhui with the Series C preferred shares issued by the Company. Key terms modified are summarised as follows:

***Redemption rights***

The Series C Investors shall have the right to request the Company to redeem its shares upon the occurrence of certain contingent events including but not limited to the failure of the Group to complete a qualified [**REDACTED**] before December 31, 2024. The redemption price is the higher of (i) the investment amount paid by the Series C Investors plus a simple interest of 10% per annum minus any dividends paid; and (ii) the then fair value of the shares held by the Series C Investors.

As a result of the modification, increase in the redemption liabilities amounting to RMB193,178,000 was debited to "other reserves".

**(d) Series D investments**

Pursuant to the subscription agreement dated December 29, 2023, the Company allotted and issued 503,790 Series D-1 preferred shares to Anji Guorong Holdings Limited, representing 2.33% of the issued share capital of the Company at a consideration of USD8 million. The consideration was fully settled on February 22, 2024.

The key terms of the Series D Preferred Shares are summarised as follows:

***Redemption rights***

The Series D Investors shall have the right to request the Company to redeem its shares upon the occurrence of certain contingent events including but not limited to the failure of the Group to complete a qualified IPO before December 31, 2024. The redemption price is the higher of (i) the investment amount paid by the Series D Investors plus a simple interest of 8% per annum minus any dividends paid; and (ii) the then fair value of the shares held by the Series D Investors.

***Liquidation preferences***

Upon the occurrence of a Liquidation Event, the Series D Investors shall be entitled to receive the liquidation preference amount calculated as the sum of (i) the higher of (a) 108% of the investment amount paid by the Series D Investors; and (b) the investment amount paid by Series D Investors and the consideration paid by the Series D Investors plus a simple interest of 8% per annum; and (ii) a pro-rata share of the Company's remaining distributable net assets.

A Liquidation Event includes (i) a liquidation, dissolution or winding up of the Company; (ii) a sale or transfer of all or a significant portion of assets or business of the Group; (iii) a sale or exclusive licensing of all or a significant portion of intellectual properties of the the Company to a third party; (iv) a change in control of the Company upon a merger, acquisition, reorganisation or consolidation of the Company; (v) resignation of the controlling shareholder; or (vi) breach of law and material misconduct by the controlling shareholder resulting in significant loss to the Company.

The preferential rights granted to the Investors shall be suspended upon first submission of an [**REDACTED**] application and will be automatically restored if such application is withdrawn or rejected.

On December 31, 2024, all investors signed the side Letter to agree extend the expected timeline for completion of the qualified [**REDACTED**] as set in the subscription agreement which dated December 29, 2023, from December 31, 2024 to December 31, 2025.

On December 31, 2025, all investors signed the side Letter to agree to further extend the expected timeline for completion of the qualified [**REDACTED**] to December 31, 2026.

## 23 DERIVATIVE FINANCIAL LIABILITIES

The following table shows the movement of the derivative financial liabilities:

| | Options held by a related party *(i)* | Options held by a third party *(ii)* | Total |
|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 |
| **At January 1, 2023** | 4,480 | 3,597 | 8,077 |
| Changes in fair value | (4,480) | (2,597) | (7,077) |
| **At December 31, 2023** | – | 1,000 | 1,000 |
| Settlement | – | (1,000) | (1,000) |
| **At December 31, 2024 and 2025** | – | – | – |

The Group granted options to some financial institutions which give them the right to subscribe for Shenzhen Shanhui's shares. The options are accounted for as derivative financial liabilities in accordance with paragraphs 19 and 26 of IAS 32 as the Company does not have an unconditional right to avoid delivering cash to settle the options and the options meet the definition of derivatives. The details of the options are summarised as follows:

(i) In 2020, the Group entered into an option agreement with a related party pursuant to which the related party was granted the right to make a capital contribution to the Company at the agreed exercise price during the exercise period from April 30, 2020 to April 30, 2023. The option is carried at fair value recognised in the profit or loss.

In April 2023, the option agreement expired.

(ii) In 2019, the Group entered into an option agreement with a third party pursuant to which the third party was granted the right to purchase a certain number of equity from the Shenzhen Shanhui during the exercise period from February 1, 2019 to January 30, 2026. The option is carried at fair value recognised in the profit or loss.

In December 2023, the Group entered into an supplementary agreement with this third party, and paid the consideration in January 2024 and the option agreement terminated simultaneously.

## 24 EQUITY-SETTLED SHARE-BASED PAYMENT

The table below sets forth share-based payments expenses for share options during the Track Record Period:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Share Option Plan | 457 | – | – |

Shenzhen Shanhui granted share-based awards to qualified directors and employees pursuant to the Share Option Plan, which was adopted in December 2018 and governed by the contractual terms of the awards. The vesting period last from 0 to 3 years. The qualified participants of the Share Option Plan are required to satisfy certain vesting service and non-market performance conditions for the entitlements. In accordance with the Share Option Plan agreements, the holders of vested options are entitled to purchase Shenzhen Shanhui's shares at fixed prices predetermined as at each vesting date.

The Group recognises share-based payment expenses in its consolidated statements of profit or loss based on awards ultimately expected to vest.

A summary of the share options is presented as follows:

| | As at December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| Outstanding at the beginning of the year | 0.39 | 25,423,000 | – | – | – | – |
| Cancelled during the year | 0.39 | (25,423,000) | – | – | – | – |
| Outstanding at the end of the year | – | – | – | – | – | – |

***Fair value of share options***

The fair value of share options was estimated using the Binomial Option Pricing Model. The determination of estimated fair value of share-based payment awards on the grant date is affected by the fair value of Shenzhen Shanhui's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of the shares of Shenzhen Shanhui over the expected term of the awards, actual and projected employee share option exercise behaviors, a risk-free interest rate and expected dividends, if any. The grant date fair value of the share options was determined with the assistance of an independent third-party valuation firm. The fair value of the ordinary shares was principally developed through the application of the Binomial Option Pricing Model.

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

| | **As at grant date** |
|---|---|
| Risk-free interest rates | 2.10%-2.46% |
| Expected term - years | 0-3 |
| Expected volatility | 49%-50% |
| Exercise multiple | 2.2 |
| Fair value of ordinary shares (RMB)* | 17.31-39.80 |
| Exercise price (RMB) | 0.00-0.50 |
| Dividend yield | 0.00% |

* Calculated based on Shenzhen Shanhui's ordinary shares

## 25 CAPITAL, RESERVES AND DIVIDENDS

### (a) Combined capital/Share Capital

***(i) Combined capital/Share Capital of the Group***

For the purpose of the Historical Financial Information, Shenzhen Shanhui was an onshore holding company before the Reorganisation, the combined capital as at January 1, 2023 represented the aggregate amount of share capital of the companies now comprising the Group after elimination of the inter-company investment.

The Company was incorporated as an exempted company in the Cayman Islands on 11 August, 2021 with authorised capital of HKD380,000 divided into 38,000,000 shares with a par value of HK$0.01 each.

***(ii) Capital contribution by investors***

An investor injected RMB1,868,000 in Shenzhen Shanhui in July 2023. According to the agreement, RMB717,000 was recognised as paid in capital, and RMB1,151,000 was recognised as capital reserve.

***(iii) Issuance of shares by the Company***

Pursuant to a share subscription agreement dated April 18, 2023, the Company allotted and issued 13,464,920 ordinary shares with a par value of HK$0.01 each to shareholders, equivalent to RMB122,000, and RMB38,119,000 was recognised as share premium.

### (b) Movements in components of equity

Details of movements of issued share capital of the Company are as follows:

| | **Number of shares** | **Share capital** | **Share capital** |
|---|---|---|---|
| | | **HKD** | **RMB'000** |
| Ordinary shares of HKD0.01 each | | | |
| At January 1 2023 | – | – | – |
| Issued during the year: | 13,464,920 | 134,649 | 122 |
| At December 31, 2023, 2024 and 2025 | 13,464,920 | 134,649 | 122 |

Details of the changes in the Company's individual components of equity are set out below:

| | Share capital | Share Premium | Other reserve | Exchange reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Balance at January 1, 2023** | – | – | – | (76) | (5,738) | (5,814) |
| **Changes in equity for 2023:** | | | | | | |
| Loss for the year | – | – | – | – | (6,889) | (6,889) |
| Other comprehensive income | – | – | – | (56) | – | (56) |
| **Total comprehensive income** | – | – | – | (56) | (6,889) | (6,945) |
| Issurance of shares by the Company | 122 | 38,119 | – | – | – | 38,241 |
| Recognition of redemption liabilities arising from new issuance of shares | – | – | (589,340) | – | – | (589,340) |
| **Balance at December 31, 2023** | 122 | 38,119 | (589,340) | (132) | (12,627) | (563,858) |
| **Changes in equity for 2024:** | | | | | | |
| Loss for the year | – | – | – | – | (21,149) | (21,149) |
| Other comprehensive income | – | – | – | (3,805) | – | (3,805) |
| **Total comprehensive income** | – | – | – | (3,805) | (21,149) | (24,954) |
| **Balance at December 31, 2024** | 122 | 38,119 | (589,340) | (3,937) | (33,776) | (588,812) |
| **Changes in equity for 2025:** | | | | | | |
| Loss for the year | – | – | – | – | (101,996) | (101,996) |
| Other comprehensive income | – | – | – | 1,449 | – | 1,449 |
| **Total comprehensive income** | – | – | – | 1,449 | (101,996) | (100,547) |
| **Balance at December 31, 2025** | 122 | 38,119 | (589,340) | (2,488) | (135,772) | (689,359) |

**(c) Nature and purposes of reserves**

***(i) Capital reserve/Share premium***

For the purpose of this report, the capital reserve represented the capital injection received in excess of the total amount of paid-in capital of Shenzhen Shanhui before the completion of the Reorganisation.

Share premium account represents the difference between the consideration and the par value of the issued shares of the Company.

***(ii) Share-based payments reserve***

The share-based payments reserve represents the portion of the grant date fair value of share options granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments reserve in Note 2(o)(ii).

***(iii) Other reserve***

The other reserve represents i) reserve arising from the Reorganisation; and ii) the initial recognition and modification of redemption liabilities. The details of redemption liabilities is disclosed in Note 22.

***(iv) Exchange reserve***

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements for operations outside of the PRC.

***(v) Effect arising from Reorganisation***

Effect arising from Reorganisation represents the consideration to ordinary shareholders for the acquisition of Shenzhen Shanhui by Zhejiang Shanhui.

**(d) Dividends**

No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in the Track Record Period or any period subsequent to December 31, 2025.

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

**26 FINANCIAL RISK MANAGEMENT**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risks**

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 to merchant customers. At December 31, 2023, 2024 and 2025, approximately 80.4%, 64.3% and 58.1% of the trade receivables was due from the Group's top five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at December 31, 2023, 2024 and 2025:

| | As at December 31, 2023 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | RMB'000 | RMB'000 |
| 1-60 days | 0.50% | 3,018 | 15 |
| 61-120 days | 8.46% | 4,139 | 350 |
| 121-180 days | 58.82% | 34 | 20 |
| More than 181 days | 100.00% | 4,597 | 4,597 |
| | | 11,788 | 4,982 |

| | As at December 31, 2024 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | RMB'000 | RMB'000 |
| 1-60 days | 0.67% | 10,541 | 71 |
| 61-120 days | 11.35% | 4,025 | 457 |
| 121-180 days | 77.45% | 102 | 79 |
| More than 181 days | 100.00% | 6,190 | 6,190 |
| | | 20,858 | 6,797 |

| | As at December 31, 2025 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | RMB'000 | RMB'000 |
| 1-60 days | 0.74% | 19,596 | 145 |
| 61-120 days | 12.08% | 2,384 | 288 |
| 121-180 days | 79.56% | 1,370 | 1,090 |
| More than 181 days | 100.00% | 6,198 | 6,198 |
| | | 29,548 | 7,721 |

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Balance at January 1 | 2,113 | 4,982 | 6,797 |
| Impairment losses recognised during the year | 2,869 | 1,815 | 924 |
| Balance at December 31 | 4,982 | 6,797 | 7,721 |

Expected loss rates are based on actual loss experience over the past year. These rates are adjusted to reflect differences between collection of trade receivables during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

***Receivables from upstream sourcing partners***

The upstream sourcing partners offers promotion discounts to individual consumers which were paid by the Group in advance under our trade-in solution transaction services. The Group usually get reimbursed of such promotion discounts from the upstream sourcing partners within three months after the Group reconciles the accounts with the upstream sourcing partners. The Group considered the credit risk exposure arising from the receivables from 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.

***Other receivables***

The Group's other receivables mainly include rental and other deposit, the Group considers the probability of default upon initial recognition and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition.

Movement in the loss allowance account in respect of other receivables during the year is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Balance at January 1 | 1,000 | 2,050 | 2,050 |
| Impairment losses recognised during the year | 1,050 | – | 249 |
| Balance at December 31 | 2,050 | 2,050 | 2,299 |

**(b) Liquidity risk**

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development.

The Group 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 utilisation of credit facilities granted by financial institutions. Management believes the assumptions used in the cash forecast are reasonable.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

| | As at December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Carrying amount at December 31 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | 106,754 | – | – | – | 106,754 | 105,000 |
| Trade and other payables | 47,746 | – | – | – | 47,746 | 47,746 |
| Lease liabilities | 5,647 | 5,499 | 371 | – | 11,517 | 11,022 |
| Redemption liabilities | 685,213 | – | – | – | 685,213 | 685,213 |
| | 845,360 | 5,499 | 371 | – | 851,230 | 848,981 |

| | As at December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Carrying amount at December 31 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | 101,500 | – | – | – | 101,500 | 101,500 |
| Trade and other payables | 52,092 | – | – | – | 52,092 | 52,092 |
| Lease liabilities | 6,145 | 710 | – | – | 6,855 | 6,701 |
| Redemption liabilities | 759,024 | – | – | – | 759,024 | 759,024 |
| | 918,761 | 710 | – | – | 919,471 | 919,317 |

| | As at December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Carrying amount at December 31 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | 70,900 | – | – | – | 70,900 | 70,900 |
| Trade and other payables | 74,957 | – | – | – | 74,957 | 74,957 |
| Lease liabilities | 1,836 | 571 | – | – | 2,407 | 2,367 |
| Redemption liabilities | 858,358 | – | – | – | 858,358 | 858,358 |
| | 1,006,051 | 571 | – | – | 1,006,622 | 1,006,582 |

**(c) Interest rate risk**

***(i) 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.

#### *(ii) Interest rate profile*

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

| | As at December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Effective interest rate | RMB'000 | Effective interest rate | RMB'000 | Effective interest rate | RMB'000 |
| **Fixed rate borrowings:** | | | | | | |
| Lease liabilities | 4.55%-6.385% | 11,022 | 3.85%-6.385% | 6,701 | 3.85%-6.385% | 2,367 |
| Bank loans | 3.85%-4.45% | 75,000 | 3.50%-4.10% | 90,500 | 3.50%-4.42% | 59,900 |
| | | 86,022 | | 97,201 | | 62,267 |
| **Variable rate borrowings:** | | | | | | |
| Bank loans | LPR – 0.1% | 30,000 | LPR + 0.3% | 11,000 | LPR + 0.3% | 11,000 |
| Total borrowings | | 116,022 | | 108,201 | | 73,267 |
| Fixed rate borrowings as a percentage of total borrowings | | 74.14% | | 89.83% | | 84.99% |

At December 31, 2023, 2024 and 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated loss by approximately, RMB157,000, RMB72,000 and RMB72,000 respectively.

The sensitivity analysis above indicates the cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated loss) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

### (d) Currency risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in currencies other than the respective functional currencies of the Group's entities.

### (e) Fair value measurement

#### *(i) Financial liabilities measured at fair value*

*Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured 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

The following table presents the Group's financial assets and liabilities that are measured at fair value at the end of each reporting dates:

| | Fair value at December 31, 2023 | Fair value measurements as at December 31, 2023 categorised into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Recurring fair value measurement** | | | | |
| Financial assets measured at FVTPL | | | | |
| – Listed equity securities | 827 | 827 | – | – |
| Derivative financial liabilities | | | | |
| – Options | (1,000) | – | (1,000) | – |

| | Fair value at December 31, 2024 | Fair value measurements as at December 31, 2024 categorised into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Recurring fair value measurement** | | | | |
| Financial assets measured at FVTPL | | | | |
| – Listed equity securities | 983 | 983 | – | – |

## 27 MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the Track Record Period:

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Salaries, allowances and other benefits | 2,872 | 3,472 | 2,487 |
| Discretionary bonuses | 853 | 1,417 | 1,631 |
| Retirement scheme contributions | 157 | 204 | 188 |
| | 3,882 | 5,093 | 4,306 |

Total remuneration is included in "staff costs" (see Note 6(b)).

### (b) Other related parties transactions and balances

***(1) Transactions and balances with entities that are under common control of a shareholder which has significant influence over the Company***

*(i)*

| | Transaction value for Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Rendering of services | 1,629 | 350 | 190 |
| Sales of goods | 37,580 | 23,095 | 14,588 |
| Purchases of goods | 38,229 | 36,014 | 9,483 |
| Receiving of services | 2,359 | 6,217 | 24,506 |

| | As at December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 |
| Outstanding receivables | 3,913 | 6,000 | 3,082 |
| Outstanding prepayments | 7,331 | 368 | 22 |
| Outstanding trade payables | 901 | 3,016 | 10,095 |

The balances were in trade nature.

*(ii)* The Group purchases pre-owned consumer electronics under a trade in solution set up with related parties. The Group pays these related parties ahead of these purchases. As at December 31, 2023, 2024 and 2025, the outstanding receivable balances were RMB12,038,000, RMB12,913,000, and RMB4,476,000 respectively.

***(2) The balances with Directors of the Company***

As at December 31, 2023, 2024 and 2025 amounts due from directors of the Company were nil, RMB5,331,000, and RMB5,331,000 respectively. These amounts were unsecured, repayable on demand and expected to be settled before [**REDACTED**].

## 28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent of the Company to be ShanH Holding Limited, which is incorporated in the BVI, and the ultimate controlling party of the Company to be Mr. Liu Jianyi.

## 29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the IASB has issued a number of amendments and new standards, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These include the following.

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to IFRS 9 and IFRS 7, *Contracts referencing nature-dependent electricity* | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments* | January 1, 2026 |
| Annual Improvements to IFRS Accounting Standards – Volume 11 | January 1, 2026 |
| IFRS 18, *Presentation and Disclosure in Financial Statements* | January 1, 2027 |
| IFRS 19, *Subsidiaries without Public Accountability: Disclosures* | January 1, 2027 |
| Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture* | To be determined |

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information except for the following:

**IFRS 18, Presentation and disclosure in financial statements**

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

### 30 SUBSEQUENT EVENTS

On [●], the Company increased its authorised share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$[50,000,000] divided into [5,000,000,000] Shares of HK$0.01 each through the creation of [4,962,000,000] additional Shares. Such Shares shall rank *pari passu* in all respects with the existing issued Shares.

**Subsequent financial statements**

No audited financial statements have been prepared by the Company or its subsidiaries comprising the Group in respect of any period subsequent to December 31, 2025.