The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of 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.

[DRAFT]

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN FENGYI TECHNOLOGY GROUP CO., LTD. AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen Fengyi Technology Group Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-60, which comprises the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, the company statements of financial position as at 31 December 2023, 2024 and 2025, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-60 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**Document**") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountant's responsibility

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

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

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

Opinion

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

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") 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-3 have been made.

Dividends

We refer to Note 27 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[*Date*]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standard Board ("**Underlying Financial Statements**").

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	1,243,680	1,652,349	2,008,941
Cost of revenue	*6*	(591,490)	(759,439)	(888,459)
Gross profit		652,190	892,910	1,120,482
Research and development expenses	*6*	(56,065)	(63,740)	(63,915)
Selling and marketing expenses	*6*	(585,801)	(749,003)	(960,814)
General and administrative expenses	*6*	(24,719)	(37,213)	(46,506)
Net provision of impairment losses on financial assets		(134)	(3)	(40)
Other income and gains/(loss), net	*8*	294	5,010	1,603
Operating (loss)/profit		(14,235)	47,961	50,810
Finance costs	*9*	(14,330)	(14,680)	(10,845)
Finance income	*9*	3,235	3,073	2,686
Finance costs, net		(11,095)	(11,607)	(8,159)
Changes in the carrying amount of redemption liabilities	*26*	(21,128)	(78,750)	(112,543)
Loss before income tax		(46,458)	(42,396)	(69,892)
Income tax credit	*10*	114,947	25,138	32,672
Profit/(loss) and total comprehensive income/(loss) for the year attributable to the owners of the Company		68,489	(17,258)	(37,220)
Earnings/(Losses) per share attributable to the owners of the Company				
– Basic and diluted earnings/(losses) per share (in RMB Yuan)	*11*	0.82	(0.20)	(0.43)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*12*	173,972	140,633	174,373
Right-of-use assets	*13*	51,364	126,557	143,666
Intangible assets	*14*	4,829	6,594	5,264
Other receivables and prepayments	*18*	3,568	7,525	7,871
Deferred tax assets	*28*	114,949	140,188	172,860
Total non-current assets		348,682	421,497	504,034
Current assets				
Inventories	*16*	79,505	104,557	115,280
Trade receivables	*18*	5,742	4,379	5,157
Other receivables and prepayments	*18*	33,957	74,003	65,640
Restricted cash		28	85	28
Cash and cash equivalents	*19*	261,953	329,457	394,745
Total current assets		381,185	512,481	580,850
Total assets		729,867	933,978	1,084,884
EQUITY				
Paid-in capital	*20*	99,951	109,105	112,805
Capital reserve	*20*	796,380	822,013	854,853
Treasury stock	*21*	(5,625)	(40,412)	(61,158)
Share-based payments reserve	*21*	46,832	62,740	103,687
Other reserves	*26*	(449,862)	(549,862)	(572,931)
Accumulated losses		(718,892)	(736,150)	(773,370)
Total deficit		(231,216)	(332,566)	(336,114)
LIABILITIES				
Non-current liabilities				
Lease liabilities-non-current portion	*25*	18,880	53,454	49,775
Redemption liabilities	*26*	530,763	709,513	845,125
Other payables and accrued charges	*24*	53,105	26,359	22,829
Total non-current liabilities		602,748	789,326	917,729

		As at 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Current liabilities				
Lease liabilities	*25*	20,263	39,787	46,869
Borrowings	*23*	52,800	85,898	62,000
Trade payables	*24*	96,340	121,256	113,695
Other payables and accrued charges	*24*	188,930	230,177	280,628
Income tax liabilities		2	100	77
Total current liabilities		358,335	477,218	503,269
Total liabilities		961,083	1,266,544	1,420,998
Total deficit and liabilities		729,867	933,978	1,084,884
Net current assets		22,850	35,263	77,581

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investments in subsidiaries	*15*	100,000	100,100	159,000
Property, plant and equipment	*12*	173,972	127,338	52,956
Right-of-use assets	*13*	51,288	85,606	71,151
Intangible assets	*14*	4,829	6,594	5,264
Trade receivables	*18*	–	10,150	76,950
Other receivables and prepayments	*18*	3,568	113,801	157,535
Deferred tax assets	*28*	114,807	76,027	9,898
Total non-current assets		448,464	519,616	532,754
Current assets				
Inventories	*16*	79,411	50,166	–
Trade receivables	*18*	5,742	11,299	144,315
Other receivables and prepayments	*18*	34,014	136,395	390,635
Restricted cash		28	85	28
Cash and cash equivalents	*19*	160,537	272,854	140,081
Total current assets		279,732	470,799	675,059
Total assets		728,196	990,415	1,207,813
EQUITY				
Paid-in capital	*20*	99,951	109,105	112,805
Capital reserve	*20*	796,380	822,013	854,853
Share-based payments reserve	*21*	46,832	60,076	90,311
Other reserves	*26*	(449,862)	(549,862)	(572,931)
Accumulated losses		(718,472)	(541,161)	(270,045)
Total (deficit)/equity		(225,171)	(99,829)	214,993
LIABILITIES				
Non-current liabilities				
Lease liabilities-non-current portion	*25*	18,864	34,378	20,409
Redemption liabilities	*26*	530,763	709,513	845,125
Other payables and accrued charges	*24*	53,105	24,839	6,732
Total non-current liabilities		602,732	768,730	872,266

		As at 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Current liabilities				
Lease liabilities	*25*	20,257	28,254	23,733
Borrowings	*23*	52,800	85,898	4,000
Trade payables	*24*	96,340	64,273	–
Other payables and accrued charges	*24*	181,238	143,089	92,821
Total current liabilities		350,635	321,514	120,554
Total liabilities		953,367	1,090,244	992,820
Total deficit and liabilities		728,196	990,415	1,207,813
Net current (liabilities)/assets		(70,903)	149,285	554,505

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company						
		Paid-in capital *(Note 20)*	Capital reserve *(Note 20)*	Treasury stock *(Note 21)*	Share-based payments reserve *(Note 21)*	Other reserves *(Note 26)*	Accumulated losses	Total deficit
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023		96,000	750,331	(5,625)	35,443	(299,862)	(787,381)	(211,094)
Comprehensive income								
– Profit for the year		–	–	–	–	–	68,489	68,489
Transactions with owners in their capacity as owners:								
– Capital injection from shareholders	*20*	3,951	46,049	–	–	–	–	50,000
– Recognition of redemption liabilities	*26*	–	–	–	–	(150,000)	–	(150,000)
– Share-based payments	*22*	–	–	–	11,389	–	–	11,389
As at 31 December 2023		99,951	796,380	(5,625)	46,832	(449,862)	(718,892)	(231,216)

		Attributable to owners of the Company						
		Paid-in capital *(Note 20)*	Capital reserve *(Note 20)*	Treasury stock *(Note 21)*	Share-based payments reserve *(Note 21)*	Other reserves *(Note 26)*	Accumulated losses	Total deficit
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024		99,951	796,380	(5,625)	46,832	(449,862)	(718,892)	(231,216)
Comprehensive income								
– Loss for the year		–	–	–	–	–	(17,258)	(17,258)
Transactions with owners in their capacity as owners:								
– Capital injection from employee shareholding platform	*20, 21*	9,154	25,633	(34,787)	–	–	–	–
– Recognition of redemption liabilities	*26*	–	–	–	–	(100,000)	–	(100,000)
– Share-based payments	*22*	–	–	–	15,908	–	–	15,908
As at 31 December 2024		109,105	822,013	(40,412)	62,740	(549,862)	(736,150)	(332,566)

		Attributable to owners of the Company						
		Paid-in capital *(Note 20)*	**Capital reserve** *(Note 20)*	**Treasury stock** *(Note 21)*	**Share-based payments reserve** *(Note 21)*	**Other reserves** *(Note 26)*	**Accumulated losses**	**Total deficit**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025		109,105	822,013	(40,412)	62,740	(549,862)	(736,150)	(332,566)
Comprehensive income								
– Loss for the year		–	–	–	–	–	(37,220)	(37,220)
Transactions with owners in their capacity as owners:								
– Capital injection from shareholders	20	2,187	28,607	–	–	–	–	30,794
– Capital injection from employee shareholding platform	20, 21	1,513	4,233	(5,746)	–	–	–	–
– Recognition of redemption liabilities	26	–	–	–	–	(30,794)	–	(30,794)
– Impact of transfer of shares with special rights	26	–	–	–	–	7,725	–	7,725
– Repurchase of own shares held as treasury stock	21	–	–	(15,000)	–	–	–	(15,000)
– Share-based payments	22	–	–	–	40,947	–	–	40,947
As at 31 December 2025		112,805	854,853	(61,158)	103,687	(572,931)	(773,370)	(336,114)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*29(a)*	108,337	179,055	185,479
Interest received		3,235	3,073	2,686
Income taxes paid		–	(3)	(23)
Net cash generated from operating activities		111,572	182,125	188,142
Cash flows from investing activities				
Payments for property, plant and equipment		(16,478)	(2,543)	(39,620)
Loan to a shareholder	*18(b)(i)*	–	(80,000)	–
Payments for intangible assets		(6,277)	(2,741)	(1,030)
Proceeds from disposal of property, plant and equipment		14,100	1,971	2,029
Repayments of loan to a shareholder	*18(b)(i)*	–	45,500	39,309
Net cash generated from/(used in) investing activities		(8,655)	(37,813)	688
Cash flows from financing activities				
Proceeds of capital injection from shareholders	*20(a)(i)*	50,000	–	30,191
Proceeds from borrowings	*29(c)*	72,000	105,801	104,000
Prepaid proceeds of exercise price of share award scheme		–	36,838	26,787
Repurchase of forfeited shares under the share award scheme		–	(2,049)	(1,773)
Repurchase equity of the Company		–	–	(15,000)
Installment payments for property, plant and equipment	*29(c)*	(71,696)	(76,678)	(47,421)
Payments for lease liabilities and lease deposit		(31,369)	(64,847)	(89,989)
Repayments of borrowings	*29(c)*	(25,200)	(72,800)	(127,800)
Interest paid on borrowings	*29(c)*	(875)	(3,073)	(2,537)
Net cash generated from/(used in) financing activities		(7,140)	(76,808)	(123,542)
Net increase /(decrease) in cash and cash equivalents		95,777	67,504	65,288
Cash and cash equivalents at beginning of the year		166,176	261,953	329,457
Cash and cash equivalents at end of the year	*19*	261,953	329,457	394,745

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shenzhen Fengyi Technology Group Co., Ltd. (深圳市豐宜科技集團股份有限公司), formerly known as Shenzhen Fengyi Technology Company Limited (深圳市豐宜科技有限公司) was incorporated in the People's Republic of China (the "**PRC**") on 7 November 2017 as a limited liability company under the Company Law of the PRC and converted into a joint stock company with limited liability on 30 March 2026. The address of the Company's registered office is Room 1401, Kangtai Group Building, No. 222 Kefa Road, Kejiyuan Community, Yuehai Subdistrict, Nanshan District, Shenzhen, Guangdong Province, the PRC.

The Company and its subsidiaries (collectively referred to as "**the Group**") are principally engaged in the unmanned retail business (selling of goods from smart retail cabinets), advertising and others. The ultimate controlling party of the Group is Mr. Shan Xinning.

The major subsidiaries of the Company during the Track Record Period were disclosed in Note 15.

2 BASIS OF PREPARATION

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

(i) Compliance with IFRS Accounting Standards

The Historical Financial Information of the Group has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board, including interpretations developed by the IFRS Interpretations Committee and its predecessor body, the Standing Interpretations Committee ('IFRS Accounting Standards'). The Historical Financial Information has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which are carried at fair value.

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

In preparing the Historical Financial Information, the Group has consistently adopted all applicable new and amended IFRS Accounting Standards that became effective for the financial year beginning on or after 1 January 2025 throughout all the years presented.

(ii) Going concern

The Group incurred loss before income tax of approximately RMB46.5 million, RMB42.4 million and RMB69.9 million for the years ended 31 December 2023, 2024 and 2025, respectively, primarily attributable to changes in the carrying amount of the redemption liabilities recognised in profit or loss, amounting to RMB21.1 million, RMB78.8 million and RMB112.5 million for the corresponding years (Note 26). As at the same year-ends, the Group also reported total deficit of approximately RMB231.2 million, RMB332.6 million and RMB336.1 million, primarily attributable to redemption liabilities of RMB530.8 million, RMB709.5 million and RMB845.1 million arising from certain special rights (the "**Special Rights**", as defined in Note 26) granted to certain shareholders under the Shareholders' Agreement.

As further disclosed in Note 26(h), pursuant to the Shareholders' Special Rights Termination Agreement entered into by all shareholders in April 2026 (the "**Termination Agreement**"), those special rights giving rise to the redemption liabilities have been unconditionally and irrevocably terminated prior to the date of this report, and the redemption liabilities have accordingly been derecognised in full.

Taking into account the Termination Agreement referred and the cash flow forecast prepared by management covering at least twelve months from 31 December 2025, the Directors consider that the Group has sufficient financial resources to meet its operational and working capital requirements during this period, and that it is appropriate to prepare the Historical Financial Information on a going concern basis.

(iii) New standards and amendments not yet adopted

Standards, amendments and interpretations of IFRS Accounting Standards that have been issued but not yet effective and have not been early adopted by the Group during the Track Record Period, are as follows:

	Effective for annual periods beginning on or after
IFRS 9 and IFRS 7 (Amendment) 'Classification and Measurement of Financial Instruments'	1 January 2026
IFRS 9 and IFRS 7 (Amendment) 'Contracts Referencing Nature-dependent Electricity'	1 January 2026
Annual improvement to IFRS – Volume 11	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027
IAS 21 (Amendment) 'Translation to a Hyperinflationary Presentation Currency'	1 January 2027
Amendments to illustrative Examples on IFRS 7, IFRS 8, IAS 1, IAS 8, IAS 36 and IAS 37 'Presentation Currency Disclosures about Uncertainties in the financial statements'	1 January 2027
IFRS 10 (Amendment) and IAS 28 (Amendment) 'Sale or contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements, and is not expected to have significant impact on the financial performance and position of the Group.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (comprising foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group. The Group currently does not use any derivative financial instruments to hedge the risk exposure.

3.1 Financial risk

(a) Market risk

Foreign exchange risk

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Group's functional currency is Renminbi ("**RMB**"). The Company and its subsidiaries were incorporated in Chinese Mainland and considered RMB as their functional currency.

As disclosed in Note 26, certain shares issued by the Company carry redemption rights pursuant to which the redemption amount payable to the relevant investors shall be the higher of (i) the original investment amount plus accrued and unpaid dividends compounded at an annual rate of 8%, and (ii) the fair value of the shares at the date of redemption. As a portion of the original investment was denominated in US dollars ("**USD**"), the Group was exposed to foreign currency risk to the extent that the redemption obligation, if exercised, would require settlement in USD. The redemption rights giving rise to the redemption liabilities have been irrevocably terminated upon the occurrence of the relevant trigger events in accordance with the terms of the Termination Agreement dated April 2026, details refer to Note 26. As a result of such termination, the Group is no longer exposed to foreign currency risk in respect of these instruments.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest-bearing financial liabilities comprise bank borrowings, lease liabilities and redemption liabilities. The Group's bank borrowings are short-term in nature. The Group's lease liabilities are carried at fixed rates determined at the respective lease commencement dates and are measured at amortised cost. The redemption liabilities were measured at amortised cost using fixed effective interest rates; the redemption rights have been irrevocably terminated upon the occurrence of the relevant trigger events in accordance with the terms of the Termination Agreement dated April 2026, details refer to Note 26.

In view of the above, the directors consider the Group's overall exposure to interest rate risk to be insignificant and accordingly no interest rate sensitivity analysis has been presented.

(b) Credit risk

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to cash and cash equivalents, trade receivables and other receivables.

In determining the ECL for cash and cash equivalents, trade receivables and other receivables, the management of the Group and the Company have taken into account the historical default experience and forward-looking information, as appropriate. At the end of each reporting period, the carrying amount of the respective recognised financial assets of the Group and the Company as stated in the statements of financial position best represents the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and Company and due to failure to discharge an obligation by the counterparties. The average loss rates for majority of the financial assets measured at amortised cost are assessed to be less than 1%.

Credit risk is managed on a collective basis as well as individual assessment on these financial assets based on historical settlement records and past experience.

Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash and cash equivalents since they are issued by reputable commercial banks. Management does not expect that there will be any significant losses from non-performance by these counterparties, therefore the expected credit loss is minimal.

Trade receivables

The Group's revenue is divided into revenue from sales of goods from smart retail cabinets and revenue from advertising and other services. The Group conducts monthly reconciliations with its customers and collects payments accordingly, typically within a payment term of two months.

Management has assessed that trade debtors have not had a significant increase in credit risk since initial recognition and risk of default is insignificant.

The Group performs impairment assessment under ECL model on trade receivables with credit-impaired individually. The trade receivables that are not credit-impaired are grouped based on shared credit risk characteristics by reference to the ageing of outstanding balances. For each of the three years ended 31 December 2023, 2024 and 2025, the Group assessed the ECL are insignificant.

Other receivables

The Group and the Company assessed the loss allowances for other receivables on 12-month expected credit losses basis.

In determining the ECL for other receivables, the management of the Group and the Company have taken into account the forward-looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The management of the Group and the Company have considered the consistently low historical default rate in connection with payments, management's expectation on the timing for repayment from counterparties and concluded that credit risk inherent in the Group's and the Company's outstanding balances of other receivables is insignificant.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and nature mismatches of assets and liabilities.

The Group manages liquidity risk by maintaining adequate cash and cash equivalents, as well as financing facilities, by actively seeking additional debt and equity financing and by continuously monitoring forecast and actual cash flows.

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

	As at 31 December 2023					
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	22,703	7,847	11,413	–	41,963	39,143
Borrowings	53,628	–	–	–	53,628	52,800
Trade payables	96,340	–	–	–	96,340	96,340
Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	146,093	43,460	20,739	–	210,292	199,198
Total	318,764	51,307	32,152	–	402,223	387,481

	As at 31 December 2024					
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	42,799	55,005	–	–	97,804	93,241
Borrowings	87,633	–	–	–	87,633	85,898
Trade payables	121,256	–	–	–	121,256	121,256
Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	177,315	27,378	–	–	204,693	203,674
Total	429,003	82,383	–	–	511,386	504,069

	As at 31 December 2025					
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	50,128	48,451	1,905	–	100,484	96,644
Borrowings	62,399	–	–	–	62,399	62,000
Trade payables	113,695	–	–	–	113,695	113,695
Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	224,441	23,107	52	–	247,600	247,270
Total	450,663	71,558	1,957	–	524,178	519,609

Redemption liabilities are not included in the table above. The earliest possible redemption date is December 2027 (see Note 26). The redemption rights have been irrevocably terminated upon the occurrence of the relevant trigger events in accordance with the terms of the Termination Agreement dated 10 April 2026, details refer to Note 26.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

In order to maintain or adjust the capital structure, the Group may issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the adjusted liability-to-asset ratio. The adjusted liability-to-asset ratio is calculated as total liabilities excluding redemption liabilities divided by total assets. As at 31 December 2023, 2024 and 2025, the adjusted liability-to-asset ratio of the Group is as follows:

	As at 31 December		
	2023	2024	2025
Adjusted liability-to-asset ratio	58.96%	59.64%	53.08%

3.3 Fair value estimation

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchies. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

(a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("**Level 1**");

(b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices) ("**Level 2**"); and

(c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("**Level 3**").

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and financial liabilities measured at fair value

For the years ended 31 December 2024 and 2025, the Group holds one financial asset measured at fair value through profit or loss — the "Loan to a shareholder" (included within other receivables (Note 18(b)(i))) — which is classified as Level 3 in the fair value hierarchy.

For the years ended 31 December 2023, 2024 and 2025, there were no transfers among different levels of fair values measurement.

The following table presents the changes in level 3 instruments of loan to a shareholder for the three years ended 31 December 2023, 2024 and 2025.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	39,309
Additions	–	80,000	–
Income from loan to a shareholder *(Note 8, Note 18(b)(i))*	–	4,809	–
Repayments	–	(45,500)	(39,309)
At the end of the year	–	39,309	–

As disclosed in Note 18(b)(i), the loan is classified as a financial asset measured at fair value through profit or loss because its contractual cash flows include variable amounts contingent on the proceeds of future share transfers and do not represent solely payments of principal and interest. The fair value of the loan as at 31 December 2024 was determined by management based on the expected net cash proceeds from the anticipated transfer of the underlying shares acquired with the loan proceeds. The loan was fully settled in 2025 upon receipt of all outstanding repayments from Mr. Shan.

Financial assets and financial liabilities measured at amortised cost

The Group's financial assets and financial liabilities measured at amortised cost primarily include cash and cash equivalents, trade and other receivables (except for loan to a shareholder), borrowings, trade and other payables, lease liabilities, redemption liabilities. As of 31 December 2023, 2024 and 2025, the carrying amounts of the Group's financial assets and financial liabilities are a reasonable approximation of their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Taxation

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(b) Recognition of share-based compensation expense

As disclosed in Note 22, certain restricted share units ("**RSUs**") were granted to the Group's directors, management and employees. In addition, the Group entered into certain one-off share-based payment transactions during the Track Record Period. These transactions resulted in the recognition of share-based payment expenses totalling RMB11,389,000, RMB15,908,000 and RMB40,947,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

(i) Fair value of the underlying ordinary shares

The fair value of RSUs at the grant date was determined by reference to the fair value of the Company's underlying ordinary shares on the dates of grant. The fair value of the ordinary shares was estimated by an independent third-party valuer using the discounted cash flow ("**DCF**") method. The key assumptions applied in the DCF model include after-tax discount rate (weighted average cost of capital), terminal growth rate and discount for lack of control, as disclosed in Note 22(b). Changes in these assumptions could have a material impact on the fair value of the underlying shares and consequently on the amount of share-based payment expense recognised.

(ii) Estimation of* [REDACTED] *probability and expected vesting date

As the RSUs granted under the share award schemes are conditional on a qualifying [**REDACTED**], the Group has estimated the probability that the [**REDACTED**] condition will be satisfied and the most likely [**REDACTED**] date at each reporting period end for the purpose of determining the expense recognition period.

(c) Determination of redemption amount of the redemption liabilities

The redemption liabilities are initially measured at the present value of the redemption amount and subsequently measured at amortized cost. The redemption amount was determined by the higher of fair value and the principal plus interest, which is estimated using appropriate valuation techniques. Such valuations are based on certain assumptions about volatility, rate of return and discount rate, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Details refer to Note 26.

5 REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group's CODM has been identified as the executive directors of the Company. The CODM reviews the Group's consolidated results when making decisions about allocating resources and assessing performance. The Group manages its business as a single operating segment, being the operation of a self-service retail network of smart retail cabinets and the provision of related advertising services. Accordingly, no separate segment information is presented.

During the Track Record Period, the Group operated exclusively in the PRC. All revenue was generated in the PRC and substantially all non-current assets were located in the PRC.

No single external customer contributed 10% or more of the Group's total revenue during the Track Record Period.

(b) Disaggregation of revenue from contracts with customers

The following table sets out the disaggregation of the Group's revenue from contracts with customers by type of goods or services and by the timing of revenue recognition:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods from smart retail cabinets			
Recognised at a point in time	1,235,489	1,642,313	1,985,323
Advertising and other services			
Recognised over time	8,191	10,036	23,618
	1,243,680	1,652,349	2,008,941

(c) Contract liabilities and unsatisfied performance obligations

Contract liabilities mainly represent consideration received from customers in advance of the Group's performance. As at 31 December 2023, 2024 and 2025, contract liabilities amounted to RMB583,000, RMB412,000 and RMB1,695,000, respectively. As the amounts were immaterial, they have been presented within other payables and accrued charges (Note 24). Revenue of RMB332,000, RMB583,000 and RMB412,000 was recognised during the years ended 31 December 2023, 2024 and 2025, respectively, in respect of the opening contract liability balances. All unsatisfied performance obligations at each reporting date are expected to be recognised as revenue within one year.

Accounting policy of revenue recognition

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to customers, net of value-added tax ("**VAT**"), trade discounts and rebates. Revenue is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to a customer, either at a point in time or over time.

Where the Group has received consideration (or an amount is due) before transferring the related good or service, the amount is presented as a contract liability. Contract liabilities are recognised as revenue when the Group subsequently satisfies the related performance obligation.

As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component where the period between the transfer of the promised good or service and the customer's payment is one year or less.

The Group's revenue comprises the following streams:

(i) Revenue from sales of goods from smart retail cabinets

The Group operates a network of directly-operated smart retail cabinets in the PRC, through which a range of fast-moving consumer goods, principally food and beverages, are sold directly to end consumers.

Each sales transaction at a smart retail cabinet constitutes a single performance obligation, being the delivery of the selected product. Revenue is recognised at the point in time when the product is dispensed by the smart retail cabinet and retrieved by the customer, as this is the point at which the customer obtains control of the product. There is no material right of return, warranty obligation, or other post-delivery performance obligation associated with such sales.

Payment is generally collected at the point of sale via third-party electronic payment platforms (such as Alipay and WeChat Pay). For a small portion of smart retail cabinets deployed at premises of business customers under contracts, the business customer settles, on a monthly basis, the aggregate transaction amounts arising from purchases made by its employees, and a corresponding trade receivable is recognised for the consideration to which the Group is unconditionally entitled at the point of dispensing.

(ii) Revenue from advertising and other services

The Group provides display advertising services primarily through the display of customers' advertisements on designated areas of the Group's mobile application and WeChat mini program, both known as "Feng E Zushi" (the "**App Advertising**"). The Group enters into advertising service contracts with customers for a specified contract period. The service fee is charged primarily on the basis of cost per thousand impressions ("**CPM**"). Revenue is recognised over time using the output method based on the number of qualified impressions delivered, which directly corresponds to the value transferred to the customer. Revenue from other services is also recognised over time.

(iii) Costs to obtain and fulfil contracts

Given the nature of the Group's revenue transactions (predominantly individual point-of-sale transactions at smart retail cabinets and short-term advertising contracts), the Group does not incur material incremental costs to obtain contracts. Costs to fulfil contracts principally comprise the cost of inventories sold, which is recognised as cost of revenue when the related revenue is recognised. No contract fulfilment assets have been capitalised during the Track Record Period.

6 EXPENSES BY NATURE

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold (i)	587,522	751,111	876,790
Points of sale ("**POS**") operations expenses	238,444	331,973	423,210
POS development expenses	110,475	113,537	170,181
Employee benefit expenses excluding share-based compensation	167,214	213,766	216,195
Share-based compensation	11,389	15,908	40,947
Depreciation of property, plant and equipment *(Note 12)*	44,120	46,001	46,745
Depreciation of right-of-use assets *(Note 13)*	14,119	29,252	48,617
Amortization of intangible assets *(Note 14)*	1,084	1,594	1,907
Warehouse and short-term low-value leases expenses	30,733	38,323	40,570
Logistics and transportation expenses	13,663	16,673	20,524
Marketing expenses	4,283	6,821	16,694
IT-related service fee	3,483	6,175	7,121
Business entertainment expenses	2,549	3,436	3,668
Outsourcing research and development expenses	3,615	1,284	571
Office expenses	4,250	4,398	4,704
Consultancy and professional service fees	1,494	2,145	600
Travelling expenses	2,933	4,421	4,208
Bank and payment charges	4,181	5,369	11,985
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Taxes and surcharges (i)	3,968	8,328	11,669
Auditor's remuneration	1,051	667	680
– Audit services	990	617	620
– Other services	61	50	60
Others	7,505	8,213	10,357
Total cost of revenue, research and development expenses, selling and marketing expenses, general and administrative expenses	1,258,075	1,609,395	1,959,694

(i) Costs of revenue consisted of cost of inventories sold and taxes and surcharges.

(ii) No research and development expenses were capitalized by the Group during the Track Record Period.

7 EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and wages	149,757	184,485	179,358
Share-based compensation expenses *(Note 22)*	11,389	15,908	33,013
Pension costs – defined contribution plans	4,857	7,657	9,727
Welfare, medical and other expenses	12,600	21,624	27,110
	178,603	229,674	249,208

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 include 2, 3 and 3 directors and supervisors, whose emoluments are reflected in the analysis shown in Note 30. The emoluments paid and payable to the remaining 3, 2 and 2 individuals collectively during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and wages	4,748	2,711	2,490
Share-based compensation expenses	2,400	1,083	1,253
Pension costs – defined contribution plans	51	48	67
Welfare, medical and other expenses	15	26	47
	7,214	3,868	3,857

The emoluments of these individuals fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
Emolument bands (in HKD)	–	–	–
Nil – HKD500,000	–	–	–
HKD500,001 – HKD1,000,000	–	–	–
HKD1,000,001 – HKD1,500,000	–	–	–
HKD1,500,001 – HKD2,000,000	1	1	1
HKD2,000,001 – HKD2,500,000	1	1	1
HKD2,500,001 – HKD3,000,000	–	–	–
HKD3,000,001 – HKD3,500,000	–	–	–
HKD3,500,001 – HKD4,000,000	–	–	–
HKD4,000,001 – HKD4,500,000	1	–	–
	3	2	2

8 OTHER INCOME AND GAINS/(LOSS), NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants	2,265	2,111	1,805
	2,265	2,111	1,805
Other gains/(losses)			
Fair value losses on financial liabilities *(Note 20(a)(i))*	–	–	(603)
Income from loan to a shareholder *(Note 18(b)(i))*	–	4,809	–
Donations to third parties	(1,322)	–	–
(Losses)/Gains on disposal of property, plant and equipment	(788)	(355)	211
Gains/(Losses) on termination of right-of-use assets	15	(588)	152
Losses on disposal of intangible assets	–	(547)	–
Others	124	(420)	38
	(1,971)	2,899	(202)
	294	5,010	1,603

9 FINANCE COSTS, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Interest income on bank deposits	3,235	3,073	2,686
Finance costs			
Interest expenses on borrowings	(875)	(3,170)	(2,439)
Interest expenses on lease liabilities *(Note 25)*	(2,508)	(3,428)	(5,053)
Interest expenses on installment payables for property, plant and equipment	(10,947)	(8,082)	(3,353)
	(14,330)	(14,680)	(10,845)
Finance costs, net	(11,095)	(11,607)	(8,159)

10 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	2	101	–
Deferred income tax *(Note 28)*	(114,949)	(25,239)	(32,672)
	(114,947)	(25,138)	(32,672)

The Group's principal applicable taxes and tax rates are as follows:

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25%, unless preferential tax rates were applicable.

The Company was eligible for a preferential income tax rate of 15% for a qualification of "High and New Technology Enterprise" since December 2020 and the deductible tax losses can be utilized in 10 years from the year of loss. In October 2023, the qualification of "High and New Technology Enterprise" was renewed and effective for three years from October 2023 to October 2026.

(b) Numerical reconciliation of income tax credit

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss before income tax:	(46,458)	(42,396)	(69,892)
Tax calculated at the PRC statutory income tax rate (25%)	(11,615)	(10,599)	(17,473)
Tax effects of:			
Effects of different tax rates applicable to different group entities	4,590	(21,609)	(33,615)
Expense not deductible for tax purposes (i)	5,350	14,351	24,657
Super deduction for research and development expenses (ii)	(7,100)	(7,281)	(6,241)
Recognition of deferred income tax assets on previously unrecognized tax losses	(106,172)	–	–
	(114,947)	(25,138)	(32,672)

(i) Expenses not deductible for tax purposes mainly represented interest expenses on redemption liabilities, business entertainment expenses exceeding for certain limits and share-based compensation expenses incurred in the Company which are not deductible according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC.

(ii) Pursuant to relevant laws and regulations, the companies engaging in research and development activities are entitled to claim 200% tax deductible expenses when determining their taxable profits from 1 October 2022 to 31 December 2025.

11 EARNINGS PER SHARE

The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the conversion of the Predecessor Company into a joint stock company (Note 33) as if the conversion had occurred at the beginning of the earliest year reported, with the assumption that the paid-in capital had been fully converted into ordinary shares at the same conversion ratio of 1:1 as upon transformation into joint stock company.

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December		
	2023	**2024**	**2025**
Profit/(Loss) attributable to owners of the Company (RMB'000)	68,489	(17,258)	(37,220)
Weighted average number of ordinary shares in issue (thousands)	83,197	86,618	87,430
Basic earnings/(losses) per share (in RMB Yuan)	0.82	(0.20)	(0.43)

(b) Diluted

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2023, the Company considered the effects of two categories of dilutive potential ordinary shares: (i) Restricted Share Units ("**RSUs**") granted under the share award schemes (Note 22), and (ii) shares with special rights which constitute redemption liabilities (Note 26).

The RSUs are contingently issuable shares, the issuance of which is conditional upon satisfaction of the [**REDACTED**] ("[**REDACTED**]") vesting condition. As the [**REDACTED**] condition was not satisfied as of the end of each respective reporting period, these RSUs were excluded from the diluted earnings per share computation.

The shares with special rights were also excluded from the diluted earnings per share calculation, as their assumed conversion would have had an anti-dilutive effect as at 31 December 2023.

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

Accordingly, diluted earnings/loss per share for the Track Record Period are the same as basic earnings/loss per share of the respective year.

Accounting policy of earning per share

(i) Basic earnings per share is calculated by dividing:

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

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

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

12 PROPERTY, PLANT AND EQUIPMENT

The Group

	Smart retail cabinets	Transportation equipment	Computers and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023				
Cost	214,012	667	3,956	218,635
Accumulated depreciation	(65,915)	(238)	(2,050)	(68,203)
Closing net book amount	**148,097**	**429**	**1,906**	**150,432**
Year ended 31 December 2023				
Opening net book amount	148,097	429	1,906	150,432
Additions	81,494	99	955	82,548
Disposals	(14,789)	(5)	(94)	(14,888)
Depreciation	(42,924)	(332)	(864)	(44,120)
Closing net book amount	**171,878**	**191**	**1,903**	**173,972**
At 31 December 2023				
Cost	280,717	761	4,817	286,295
Accumulated depreciation	(108,839)	(570)	(2,914)	(112,323)
Closing net book amount	**171,878**	**191**	**1,903**	**173,972**
Year ended 31 December 2024				
Opening net book amount	171,878	191	1,903	173,972
Additions	8,794	179	1,016	9,989
Transfers from right-of-use assets	4,999	–	–	4,999
Disposals	(2,280)	(22)	(24)	(2,326)
Depreciation	(44,705)	(154)	(1,142)	(46,001)
Closing net book amount	**138,686**	**194**	**1,753**	**140,633**
At 31 December 2024				
Cost	292,230	918	5,809	298,957
Accumulated depreciation	(153,544)	(724)	(4,056)	(158,324)
Closing net book amount	**138,686**	**194**	**1,753**	**140,633**
Year ended 31 December 2025				
Opening net book amount	138,686	194	1,753	140,633
Additions	59,837	25	961	60,823
Transfers from right-of-use assets	21,480	–	–	21,480
Disposals	(1,781)	(3)	(34)	(1,818)
Depreciation	(45,740)	(115)	(890)	(46,745)
Closing net book amount	**172,482**	**101**	**1,790**	**174,373**
At 31 December 2025				
Cost	371,766	940	6,736	379,442
Accumulated depreciation	(199,284)	(839)	(4,946)	(205,069)
Closing net book amount	**172,482**	**101**	**1,790**	**174,373**

Depreciation charges have been charged to the consolidated statements of comprehensive income:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses	271	327	235
Selling and marketing expenses	43,768	45,571	46,427
General and administrative expenses	81	103	83
	44,120	46,001	46,745

The Company

	Smart retail cabinets	Transportation equipment	Computers and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023				
Cost	214,012	667	3,956	218,635
Accumulated depreciation	(65,915)	(238)	(2,050)	(68,203)
Closing net book amount	**148,097**	**429**	**1,906**	**150,432**
Year ended 31 December 2023				
Opening net book amount	148,097	429	1,906	150,432
Additions	81,494	99	955	82,548
Disposals	(14,789)	(5)	(94)	(14,888)
Depreciation	(42,924)	(332)	(864)	(44,120)
Closing net book amount	**171,878**	**191**	**1,903**	**173,972**
At 31 December 2023				
Cost	280,717	761	4,817	286,295
Accumulated depreciation	(108,839)	(570)	(2,914)	(112,323)
Closing net book amount	**171,878**	**191**	**1,903**	**173,972**
Year ended 31 December 2024				
Opening net book amount	171,878	191	1,903	173,972
Additions	5,943	164	1,014	7,121
Transfers from right-of-use assets	4,999	–	–	4,999
Transfers to subsidiaries	(13,448)	(45)	–	(13,493)
Disposals	(2,024)	(21)	(24)	(2,069)
Depreciation	(41,920)	(130)	(1,142)	(43,192)
Closing net book amount	**125,428**	**159**	**1,751**	**127,338**
At 31 December 2024				
Cost	276,187	859	5,807	282,853
Accumulated depreciation	(150,759)	(700)	(4,056)	(155,515)
Closing net book amount	**125,428**	**159**	**1,751**	**127,338**

	Smart retail cabinets	Transportation equipment	Computers and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Opening net book amount	125,428	159	1,751	127,338
Additions	25,887	24	961	26,872
Transfers from right-of-use assets	5,505	–	–	5,505
Transfers to subsidiaries	(74,804)	(104)	–	(74,908)
Disposals	(1,064)	(2)	(34)	(1,100)
Depreciation	(29,784)	(77)	(890)	(30,751)
Closing net book amount	**51,168**	**–**	**1,788**	**52,956**
At 31 December 2025				
Cost	231,711	777	6,734	239,222
Accumulated depreciation	(180,543)	(777)	(4,946)	(186,266)
Closing net book amount	**51,168**	**–**	**1,788**	**52,956**

Accounting policy of property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the periods in which they are incurred.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives:

Transportation equipment	2 years
Computers and office equipment	3 years
Smart retail cabinets	5 years

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amounts. These are included in the consolidated statements of comprehensive income.

13 RIGHT-OF-USE ASSETS

The Group

	Properties	Warehouse	Smart retail cabinets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023				
Cost	2,448	–	42,065	44,513
Accumulated depreciation	(233)	–	(11,685)	(11,918)
Net book amount	**2,215**	**–**	**30,380**	**32,595**
Year ended 31 December 2023				
Opening net book amount	2,215	–	30,380	32,595
Additions	12,447	–	21,580	34,027
Termination and modification of leases	(1,139)	–	–	(1,139)
Depreciation	(5,941)	–	(8,178)	(14,119)
Closing net book amount	**7,582**	**–**	**43,782**	**51,364**
At 31 December 2023				
Cost	10,643	–	63,645	74,288
Accumulated depreciation	(3,061)	–	(19,863)	(22,924)
Net book amount	**7,582**	**–**	**43,782**	**51,364**
Year ended 31 December 2024				
Opening net book amount	7,582	–	43,782	51,364
Additions	11,905	–	98,996	110,901
Transfers to property, plant and equipment	–	–	(4,999)	(4,999)
Termination and modification of leases	(853)	–	(604)	(1,457)
Depreciation	(7,121)	–	(22,131)	(29,252)
Closing net book amount	**11,513**	**–**	**115,044**	**126,557**
At 31 December 2024				
Cost	17,026	–	157,038	174,064
Accumulated depreciation	(5,513)	–	(41,994)	(47,507)
Net book amount	**11,513**	**–**	**115,044**	**126,557**
Year ended 31 December 2025				
Opening net book amount	11,513	–	115,044	126,557
Additions	9,652	1,816	78,752	90,220
Transfers to property, plant and equipment	–	–	(21,480)	(21,480)
Termination and modification of leases	(2,936)	(78)	–	(3,014)
Depreciation	(7,789)	(447)	(40,381)	(48,617)
Closing net book amount	**10,440**	**1,291**	**131,935**	**143,666**
At 31 December 2025				
Cost	18,436	1,738	214,310	234,484
Accumulated depreciation	(7,996)	(447)	(82,375)	(90,818)
Net book amount	**10,440**	**1,291**	**131,935**	**143,666**

Depreciation charges have been charged to consolidated statements of comprehensive income:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Selling and marketing expenses	11,956	27,094	46,589
General and administrative expenses	2,163	2,158	2,028
	14,119	29,252	48,617

The Company

	Properties	Warehouse	Smart retail cabinets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023				
Cost	2,448	–	42,065	44,513
Accumulated depreciation	(233)	–	(11,685)	(11,918)
Net book amount	**2,215**	**–**	**30,380**	**32,595**
Year ended 31 December 2023				
Opening net book amount	2,215	–	30,380	32,595
Additions	12,359	–	21,581	33,940
Termination and modification of leases	(1,139)	–	–	(1,139)
Depreciation	(5,929)	–	(8,179)	(14,108)
Closing net book amount	**7,506**	**–**	**43,782**	**51,288**
At 31 December 2023				
Cost	10,554	–	63,646	74,200
Accumulated depreciation	(3,048)	–	(19,864)	(22,912)
Net book amount	**7,506**	**–**	**43,782**	**51,288**
Year ended 31 December 2024				
Opening net book amount	7,506	–	43,782	51,288
Additions	9,586	–	56,569	66,155
Transfers to property, plant and equipment	–	–	(4,999)	(4,999)
Termination and modification of leases	(687)	–	(604)	(1,291)
Depreciation	(6,126)	–	(19,421)	(25,547)
Closing net book amount	**10,279**	**–**	**75,327**	**85,606**
At 31 December 2024				
Cost	19,453	–	114,612	134,065
Accumulated depreciation	(9,174)	–	(39,285)	(48,459)
Net book amount	**10,279**	**–**	**75,327**	**85,606**

	Properties	Warehouse	Smart retail cabinets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Opening net book amount	10,279	–	75,327	85,606
Additions	2,341	128	24,014	26,483
Transfers to property, plant and equipment	–	–	(5,505)	(5,505)
Termination and modification of leases	(2,054)	(15)	–	(2,069)
Depreciation	(4,431)	(44)	(28,889)	(33,364)
Closing net book amount	**6,135**	**69**	**64,947**	**71,151**
At 31 December 2025				
Cost	11,167	113	133,121	144,401
Accumulated depreciation	(5,032)	(44)	(68,174)	(73,250)
Net book amount	**6,135**	**69**	**64,947**	**71,151**

Accounting policy of leases

(i) Lease of properties, warehouses and smart retail cabinets

The Group leases properties (principally offices), warehouses and smart retail cabinets. Lease terms are negotiated on an individual basis, with the following typical durations:

Properties	12 to 108 months
Warehouses	12 to 24 months
Smart retail cabinets	36 months

At the commencement date of each lease, the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (with a lease term of 12 months or less) and leases of low-value assets, for which lease payments are recognised as expenses on a straight-line basis over the lease term.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group generally uses its interest rate implicit in the lease as the discount rate, which ranged from 3.5% to 12.8%, 3.1% to 6.8%, and 3.0% to 6.8% during the Track Record Period, respectively. Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments) less any lease incentives receivable, and amounts expected to be payable under purchase options that the Group is reasonably certain to exercise.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Where the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated on a straight-line basis to the end of the useful life of the underlying asset; otherwise, it is depreciated on a straight-line basis to the earlier of the end of its useful life or the end of the lease term. The Group is reasonably certain to exercise the purchase options under its smart retail cabinet leases; accordingly, those right-of-use assets are depreciated over 5 years (consistent with the useful life applied to owned smart retail cabinets - see Note 12). Right-of-use assets relating to property and warehouse leases are depreciated over the shorter of the asset's useful life and the lease term.

When the Group exercises a purchase option on a leased asset (principally smart retail cabinets), the right-of-use asset is derecognised and the asset is reclassified to property, plant and equipment at its then-carrying amount.

The Group has elected not to separate non-lease components from lease components for its property and smart retail cabinets leases, and instead accounts for each lease component and any associated non-lease components as a single lease component.

During the Track Record Period, the Group's lease arrangements do not contain variable lease payments that depend on an index or a rate, residual value guarantees, or sale and leaseback transactions.

14 INTANGIBLE ASSETS

The Group and the Company

	Software
	RMB'000
As at 1 January 2023	
Cost	6,620
Accumulated amortisation	(6,466)
Net book amount	**154**
Year ended 31 December 2023	
Opening net book amount	154
Additions	5,759
Amortisation	(1,084)
Closing net book amount	**4,829**
As at 31 December 2023	
Cost	10,526
Accumulated amortisation	(5,697)
Net book amount	**4,829**
Year ended 31 December 2024	
Opening net book amount	4,829
Additions	3,906
Disposals	(547)
Amortisation	(1,594)
Closing net book amount	**6,594**
As at 31 December 2024	
Cost	13,885
Accumulated amortisation	(7,291)
Net book amount	**6,594**
Year ended 31 December 2025	
Opening net book amount	6,594
Additions	577
Amortisation	(1,907)
Closing net book amount	**5,264**
As at 31 December 2025	
Cost	14,462
Accumulated amortisation	(9,198)
Net book amount	**5,264**

Amortisation charges have been charged to the consolidated statements of comprehensive income:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	1,084	1,444	1,498
Selling and marketing expenses	–	150	409
	1,084	1,594	1,907

15 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Capital injection to subsidiaries	100,000	100,100	159,000

As at the date of this report and during the Track Record Period, the Company has direct interests in the following principal subsidiaries:

Name of subsidiaries	Type of legal entity	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities	Issued/registered capital	Effective interest held: As at 31 December 2023	2024	2025	As at the date of this report	Notes
						%	%	%	%	
Directly held:										
Hengyang Zushi Supply Chain Co., Ltd.	Limited liability company	26 September 2023	The PRC	Supply Chain Management Services	RMB70,000,000	100%	100%	100%	100%	(ii)
Hengyang Fengyi Technology Co., Ltd.	Limited liability company	26 September 2023	The PRC	Retail and Related Services	RMB30,000,000	100%	100%	100%	100%	(ii)
Hengyang Zubing Food Technology Co., Ltd.	Limited liability company	18 December 2023	The PRC	Retail and Related Services	RMB100,000	100%	100%	100%	100%	(iii)
Wuhu Fengyi Technology Co., Ltd.	Limited liability company	14 February 2025	The PRC	Retail and Related Services	RMB23,900,000	N/A	N/A	100%	100%	(iv)
Xiamen Fengyi Zushi Technology Co., Ltd.	Limited liability company	16 September 2025	The PRC	Retail and Related Services	RMB20,000,000	N/A	N/A	100%	100%	(iv)
Wuhu Zuxin Technology Co., Ltd.	Limited liability company	19 November 2025	The PRC	Equipment Operating Lease	RMB15,000,000	N/A	N/A	100%	100%	(iv)

(i) The statutory financial statements for the years ended 31 December 2023 and 2024 of the Company were audited by Yongxin Ruihe (Shenzhen) Certified Public Accountants LLP. The statutory financial statements for the years ended 31 December 2025 of the Company were audited by Shenzhen Hengrui Certified Public Accountants (General Partnership).

(ii) No audited statutory financial statements were issued for the subsidiary for the year ended 31 December 2023 and 2025 as the subsidiary was not required to issue audited financial statements under the statutory requirement of the PRC. The statutory financial statements for the year ended 31 December 2024 were audited by PricewaterhouseCoopers ZhongTian LLP Shenzhen Branch.

(iii) No audited statutory financial statements were issued for the subsidiary for the year ended 31 December 2023, 2024 and 2025 as the subsidiary was not required to issue audited financial statements under the statutory requirement of the PRC.

(iv) No audited statutory financial statements were issued for the subsidiary for the year ended 31 December 2025 as the subsidiary was not required to issue audited financial statements under the statutory requirement of the PRC.

16 INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	79,505	104,557	115,280

For the years ended 31 December 2023, 2024 and 2025, the cost of inventories recognized as expenses amounted to RMB587,522,000, RMB751,111,000 and RMB876,790,000, respectively.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	79,411	50,166	–

Accounting policy of inventories

Inventories comprise finished goods (principally food and beverage merchandise) held for resale through the Group's smart retail cabinet network.

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using weighted average method. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as cost of revenue in the period the write-down or loss occurs.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortised cost			
– Trade receivables *(Note 18)*	5,742	4,379	5,157
– Other receivables (excluding loan to a shareholder)	29,734	23,827	40,129
– Restricted cash	28	85	28
– Cash and cash equivalents *(Note 19)*	261,953	329,457	394,745
	297,457	357,748	440,059
Financial assets at fair value through profit or loss			
– Other receivables – loan to a shareholder *(Note 18)*	–	39,309	–
	297,457	397,057	440,059
Financial liabilities			
Financial liabilities at amortised cost			
– Lease liabilities *(Note 25)*	39,143	93,241	96,644
– Redemption liabilities *(Note 26)*	530,763	709,513	845,125
– Borrowings *(Note 23)*	52,800	85,898	62,000
– Trade payables *(Note 24)*	96,340	121,256	113,695
– Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	146,093	177,315	224,441
	865,139	1,187,223	1,341,905

18 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Group

(a) Trade receivables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables due from sales of goods from smart retail cabinets	4,010	3,183	2,553
Trade receivables due from advertising and other services	1,732	1,196	2,604
	5,742	4,379	5,157
Less: impairment loss allowance	–	–	–
	5,742	4,379	5,157

The following is an ageing analysis of trade receivables presented based on the date of initial recognition:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,721	4,366	5,157
1 to 2 years	21	13	–
	5,742	4,379	5,157

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, details are disclosed in Note 3.1(b).

The Group's trade receivables were denominated in RMB.

(b) Other receivables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Loan to a shareholder (i)	–	39,309	–
Supplier rebates receivable (ii)	23,107	10,263	25,349
Deposits paid to suppliers (iii)	4,271	5,798	5,425
Lease deposits	1,954	7,439	8,724
Others	402	327	631
	29,734	63,136	40,129
Less: impairment loss allowance	–	–	–
Total other receivables	29,734	63,136	40,129
Less: non-current portion	(1,954)	(7,438)	(7,396)
	27,780	55,698	32,733

(i) During the year ended 31 December 2024, the Company advanced a loan of RMB80,000,000 to Mr. Shan Xinning ("**Mr. Shan**"), a director and shareholder of the Company (Note 30), to partially fund his acquisition of 12,000,000 ordinary shares in the Company from Mingde (Note 26(a)). The loan bears no contractual interest. Pursuant to the loan agreement, to the extent that Mr. Shan subsequently transfers the acquired shares to third parties, he is required to remit to the Company the net gains attributable to the loan-funded portion of the acquisition consideration.

As the contractual cash flows include variable amounts contingent on the proceeds of future share transfers and do not represent solely payments of principal and interest, the loan is classified as a financial asset measured at fair value through profit or loss.

The Company received cash repayments of RMB45,500,000 and RMB39,309,000 in 2024 and 2025, respectively, and accordingly the loan was fully settled. An income from loan to a shareholder of RMB4,809,000 was recognised in profit or loss (Note 8) in 2024, reflecting the increase in expected cash inflows.

(ii) Supplier rebates receivable represent amounts due from suppliers in respect of volume rebates, display fees, shelf placement fees and other incentive payments. These amounts do not represent consideration for distinct goods or services transferred to the suppliers, and are therefore accounted for as a reduction of the cost of purchases from the relevant suppliers.

(c) Prepayments

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deductible VAT	348	3,218	17,608
Prepayments for inventories	2,248	1,197	3,785
Prepaid POS operations expenses	2,362	9,456	4,054
Prepayment for software services	533	1,577	1,426
Prepayment for property, plant and equipment	97	87	74
Prepayment for recruitment services	–	29	1,495
Prepayment for logistics and warehousing services	37	446	1,169
Prepayment for intangible assets	1,517	–	401
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	649	2,382	2,910
	7,791	18,392	33,382
Less: non-current portion	(1,614)	(87)	(475)
	6,177	18,305	32,907

The Company

(a) Trade receivables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables due from sales of goods from smart retail cabinets	4,010	2,931	2,142
Trade receivables due from advertising and other services	1,732	462	976
Trade receivables due from subsidiaries	–	18,056	218,147
	5,742	21,449	221,265
Less: non-current portion	–	(10,150)	(76,950)
	5,742	11,299	144,315

(b) Other receivables

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Receivables from subsidiaries	141	186,426	489,431
Receivable for share subscription	–	34,787	40,533
Loan to a shareholder	–	4,809	–
Receivables from vendor rebates	23,107	–	–
Deposits paid to suppliers	4,227	5,315	3,565
Lease deposits	1,954	5,046	4,859
Others	402	242	257
	29,831	236,625	538,645
Less: non-current portion	(1,954)	(113,714)	(157,101)
	27,877	122,911	381,544

(c) Prepayments

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deductible VAT	331	561	84
Prepayments for inventories	2,248	–	–
Prepaid POS operations expenses	2,362	8,979	3,591
Prepayment for software services	533	1,577	1,414
Prepayment for property, plant and equipment	97	87	34
Prepayment for recruitment services	–	29	1,495
Prepayment for logistics and warehousing services	31	335	117
Prepayment for intangible assets	1,517	–	400
Prepaid **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	632	2,003	1,930
	7,751	13,571	9,525
Less: non-current portion	(1,614)	(87)	(434)
	6,137	13,484	9,091

Accounting policy of trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value.

Other receivables are recognised initially at fair value. Other receivables whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding and which are held to collect those cash flows are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Other receivables that do not meet these criteria — for example, where the cash flows are variable amounts contingent on a referenced item — are subsequently measured at fair value through profit or loss (see Note 18(b)(i) for the loan to a shareholder).

See Note 3.1(b) for a description of the Group's impairment policy for trade and other receivables.

19 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	259,237	324,057	389,215
Cash deposited in third party payment platforms	2,716	5,400	5,530
	261,953	329,457	394,745

Cash and cash equivalents were denominated in RMB.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	157,820	272,035	139,989
Cash deposited in third party payment platforms	2,717	819	92
	160,537	272,854	140,081

Cash and cash equivalents of the Company were denominated in RMB.

20 PAID-IN CAPITAL AND CAPITAL RESERVE

The Group and the Company

(a) Paid-in capital

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	96,000	99,951	109,105
Capital injection (i)	3,951	9,154	3,700
At the end of the year	99,951	109,105	112,805

(i) For the year ended 31 December 2023, details of the capital injection are shown below:

	Paid-in capital	**Capital reserve**	**Total Capital Injection**
	RMB'000	*RMB'000*	*RMB'000*
Shareholders:			
Hengyang Caixin Industry Investment Fund Partnership Enterprise (Limited Partnership)	3,161	36,839	40,000
Hengyang Hongxiang Industrial Investment Partnership (Limited Partnership)	790	9,210	10,000
	3,951	46,049	50,000

For the year ended 31 December 2024, details of the capital injection are shown below:

	Paid-in capital	Capital reserve	Total Capital Injection
	RMB'000	*RMB'000*	*RMB'000*
Employee shareholding platform:			
Shenzhen Chengshi Consulting Management Partnership (Limited Partnership)	9,154	25,633	34,787

For the year ended 31 December 2025, details of the capital injection are shown below:

	Paid-in capital	Capital reserve	Total Capital Injection
	RMB'000	*RMB'000*	*RMB'000*
Employee shareholding platform:			
Shenzhen Chengshi Consulting Management Partnership (Limited Partnership)	1,513	4,233	5,746
Shareholders:			
Guangdong Yilian Yiteng Equity Investment Partnership Enterprise (Limited Partnership)	1,250	16,321	17,571
Xiamen Jinchen Innovation Equity Investment Partnership Enterprise (Limited Partnership)	548	7,431	7,979
CICC Capital Culture Consumer Industry Equity Investment Fund (Xiamen) Partnership (Limited Partnership)	389	4,855	5,244
Sub-total:	2,187	28,607	30,794
	3,700	32,840	36,540

In 2025, certain B+ investors (as defined in Note 26) subscribed for shares at a pre-agreed fixed price. Due to higher fair value of the Group's shares at settlement date, a fair value difference of RMB603,000 was initially recognised as a financial liability, with corresponding loss recorded in profit or loss. Upon share issuance, this liability was reclassified to capital reserve.

Accordingly, total equity increased by RMB30,794,000, comprising RMB30,191,000 cash proceeds (reflected in proceeds of capital injection from shareholders in 2025) and RMB603,000 non-cash fair value difference which is presented in "Other income and gains/(loss), net" in the statement of comprehensive income.

(b) Capital reserve

Capital reserve of the Group and the Company represents the capital contribution premium over paid-in capital received from shareholders when injecting capital to the Group before the Company's conversion into a joint stock company.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	750,331	796,380	822,013
Capital injection ((a)(i))	46,049	25,633	32,840
At the end of the year	796,380	822,013	854,853

21 TREASURY STOCK AND SHARE-BASED PAYMENTS RESERVE

The Group

	Treasury stock	Share-based payments reserve	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	(5,625)	35,443	29,818
Share-based payments *(Notes 7, 22)*	–	11,389	11,389
As at 31 December 2023	(5,625)	46,832	41,207
As at 1 January 2024	(5,625)	46,832	41,207
Capital injection from employee shareholding platform *(ii)*	(34,787)	–	(34,787)
Share-based payments *(Notes 7, 22)*	–	15,908	15,908
As at 31 December 2024	(40,412)	62,740	22,328
As at 1 January 2025	(40,412)	62,740	22,328
Repurchase of own shares held as treasury stock *(i)*	(15,000)	–	(15,000)
Capital injection from employee shareholding platform *(ii)*	(5,746)	–	(5,746)
Share-based payments *(Notes 7, 22)*	–	40,947	40,947
As at 31 December 2025	(61,158)	103,687	42,529

(i) In December 2025, the Company repurchased 1,800,000 shares of its own shares from Mr. Shan Xinning at a total consideration of RMB15,000,000 for the purpose of subsequent share incentive plans. The consideration of RMB15,000,000 was recognized as treasury stock.

(ii) Capital injections by the employee shareholding platform (Note 20) are recognised as paid-in capital (at par) and capital reserve against treasury stock in the consolidated financial statements, as the platform is a consolidated structured entity. The cash received represents the prepaid proceeds of exercise price of share award scheme and are recognised as a repurchase obligation liability (Note 24(b)(i)). Accordingly, these transactions have no net effect on total equity.

The Company

	Treasury stock	Share-based payments reserve	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	–	35,443	35,443
Share-based payments *(Notes 7, 22)*	–	11,389	11,389
As at 31 December 2023	–	46,832	46,832
As at 1 January 2024	–	46,832	46,832
Share-based payments *(Notes 7, 22)*	–	13,244	13,244
As at 31 December 2024	–	60,076	60,076
As at 1 January 2025	–	60,076	60,076
Share-based payments *(Notes 7, 22)*	–	30,235	30,235
As at 31 December 2025	–	90,311	90,311

22 SHARE-BASED PAYMENTS

(a) Description of the arrangements

(i) Share-based payment transactions with employees

The Company established share award schemes (the "**Schemes**") pursuant to which restricted share units are granted to eligible directors, management and employees of the Group. Ningbo Chengyi Huitong Enterprise Management Partnership (Limited Partnership) (寧波橙誼匯同企業管理合夥企業(有限合夥)) ("**Chengyi Huitong**") and Shenzhen Chengshi Consulting Management Partnership (Limited Partnership) (深圳市橙實諮詢管理合夥企業(有限合夥)) ("**Chengshi**") were incorporated in the PRC on 1 August 2018 and 11 September 2023, respectively, under the Partnership Enterprise Law of the PRC as vehicles to directly hold the Company's shares on behalf of participating employees under the Schemes.

Pursuant to the Schemes, the Group has discretion to invite eligible employees to participate in the above limited partnerships by subscribing for partnership interests at a price determined by the Group. As the Schemes are designed by the Group for its benefit, and the Group has sole discretion in determining the participating employees and the terms of participation, the restricted shares of the Company held by the above limited partnerships are controlled by the Group for accounting purposes.

The general terms and conditions of the RSU grants under the Schemes are summarised below:

Feature	Terms
Grant dates and number of RSUs granted	2021: 13,647,541 RSUs (the "**2021 Grant**") 2024: 10,892,903 RSUs in aggregate, granted in 2 tranches (the "**2024 Grants**") 2025: 4,618,230 RSUs (the "**2025 Grant**")
Eligible participants	Directors, management and employees of the Group
Exercise/subscription price	Ranges from RMB0.28 to RMB8.33 per unit of registered capital, depending on the date of grant
Vesting conditions	2021 Grant: the successful completion of a qualifying [**REDACTED**] of the Company and continuous employment through the vesting period 2024 and 2025 Grants: the successful completion of a qualifying [**REDACTED**], plus the completion of one year of continuous service following the [**REDACTED**] and continuous employment through the vesting period
Forfeiture	If an employee ceases to be employed by the Group prior to vesting, the awarded RSUs are forfeited. The Group shall repurchase the relevant partnership interest at the original subscription price paid by the grantee.
Settlement method	Equity-settled

Immediately-vested grant to directors (June 2021)

In June 2021, Chengyi Huitong entered into equity transfer agreements with Mr. Yuan Shengbiao and Mr. Shan Xinning, both directors of the Company, pursuant to which Chengyi Huitong transferred its equity interests in the Company to them at a total consideration of RMB1,875,000, which was below the fair value of the underlying shares at the transfer date of RMB37,318,000, and the difference was treated as compensation for their past services. The fair value of the underlying shares was determined by reference to the most recent external equity financing transaction of the Company. As the transfer was not subject to any further vesting or service conditions, the shares vested immediately on the date of grant. The resulting share-based payment expense of RMB35,443,000 was recognised in full in profit or loss in 2021 (i.e., prior to the Track Record Period).

Immediately-vested grant to directors (June 2024)

In June 2024, Mingde transferred an aggregate of 12,000,000 ordinary shares of the Company to Mr. Shan Xinning, a director and shareholder of the Company, at a total consideration of RMB100,000,000 (Note 26). Of these shares, 2,400,000 shares were settled by Mr. Shan from his own funds. In connection with this portion, the Group granted Mr. Shan liquidation preference rights pursuant to separate agreements (Note 26), with no further vesting or service condition. The directors assessed that the grant was made in consideration for services rendered by Mr. Shan in his capacity as a director of the Company, including facilitating equity financing transactions and providing personal guarantees for the Group's bank borrowings (Note 23). The fair value of the liquidation preference at the grant date, amounting to RMB890,000, was recognised as a share-based payment expense in profit or loss in 2024.

The remaining 9,600,000 shares were funded by a loan from the Company to Mr. Shan, the terms of which provide that the net economic gains arising from any subsequent transfer of these shares accrue to the Company (Note 18(b)).

(ii) Share-based payment transactions with shareholders

During the Track Record Period, the Group entered into the following equity transactions with shareholders in which the Group granted special rights (liquidation preferences) to the transferees in connection with certain share transfers.

Mr. Shan Xinning-to-Songhe transfer (2025)

In July 2025, Mr. Shan Xinning entered into an agreement with Shenzhen Songhe Zhilian No.10 Entrepreneurial Investment Partnership Enterprise (Limited Partnership) ("**Songhe**") to transfer 4,668,000 shares in the Company to Songhe at a consideration of RMB38,900,000. The share transfer was completed in August 2025. The directors assessed that the excess of the fair value of the shares transferred (amounting to RMB46,834,000) over the consideration received (amounting to RMB38,900,000), being RMB7,934,000, represented a share-based payment for financing services rendered by Songhe to the Group. As the shares with the liquidation preference was transferred in 2025 without any further service or vesting conditions, the expense of RMB7,934,000 was recognised immediately in profit or loss in 2025.

(b) Fair value and movement of equity instruments granted

(i) Fair value of the underlying ordinary shares

The fair value of the RSUs at each grant date was determined by reference to the fair value of the Company's underlying ordinary shares on the date of grant, less the exercise price payable by the grantee. The fair value of the Company's ordinary shares was estimated by an independent third-party valuer using the discounted cash flow ("**DCF**") method, which involves discounting forecast future cash flows to present value using an appropriate discount rate.

The key assumptions applied in the DCF model for the determination of the fair value of the underlying ordinary shares at the respective grant dates are as follows:

	Grant year		
	2021	2024	2025
Fair value of underlying ordinary shares (RMB per share)	3.33	10.45–12.51	15.04
Weighted average cost of capital	11.22%	9.60%–9.86%	9.86%
Discount for lack of control	12.88%	12.99%	13.14%
Terminal growth rate	3.00%	3.00%	2.00%

(ii) Fair value and movement of the RSUs

The fair value of each RSU granted is determined as the fair value of the underlying ordinary share at the grant date, less the exercise price payable by the grantee. Set out below are the movements in the number and weighted average grant date fair value of outstanding RSUs during the Track Record Period:

	Number of RSUs	Weighted average grant date fair value (RMB per RSU)
At 1 January 2023	13,124,821	2.60
Granted	–	–
Forfeited	(337,620)	2.28
At 31 December 2023	12,787,201	2.61
At 1 January 2024	12,787,201	2.61
Granted	10,892,903	6.89
Forfeited	(933,427)	4.81
At 31 December 2024	22,746,677	4.57
At 1 January 2025	22,746,677	4.57
Granted	4,618,230	9.23
Forfeited	(1,566,240)	4.24
At 31 December 2025	25,798,667	5.43

As at 31 December 2023, 2024 and 2025, no RSUs were exercisable as the [**REDACTED**] vesting condition had not yet been satisfied.

(c) Modifications

(i) Repricing of Mr. Shan Xinning's RSUs (2025)

As part of the Schemes, the Company granted 1,185,209 RSUs to Mr. Shan Xinning, a director and executive of the Company, in 2024 at an exercise price of RMB3.80 per unit of registered capital.

In July 2025, pursuant to a board resolution, the Company reduced the exercise price of the aforementioned RSUs from RMB3.80 to RMB1.04 per unit of registered capital.

The incremental fair value arising from the modification was measured as the difference between the fair value of the modified RSUs and the fair value of the original RSUs, both estimated at the modification date. The incremental fair value of RMB3,271,000 is being recognised as additional share-based payment expense over the remaining vesting period from the modification date to the estimated vesting date, in addition to the expense in respect of the original grant, which continues to be recognised over the original vesting period. The share-based payment expense recognised in respect of this modification for the year ended 31 December 2025 amounted to RMB564,000 and was included within general and administrative expenses.

(ii) Extension of vesting periods

During the Track Record Period, the Company modified the terms of certain tranches of RSUs under the Schemes by extending the vesting periods applicable to those tranches. As these modifications were not beneficial to the employees (i.e., they extended the period over which the employees are required to provide service), they did not give rise to any incremental fair value. The Group continues to recognise at least the expense that would have been recognised had the modifications not occurred, measured at the original grant date fair value and recognised over the original vesting period.

(d) Expenses arising from share-based payment transactions

The share-based payment expenses recognised during the Track Record Period are summarised as below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share-based payment transactions with employees			
RSUs under the Schemes			
– Recognised in general and administrative expenses	1,191	2,808	6,331
– Recognised in selling and marketing expenses	6,848	9,010	19,366
– Recognised in research and development expenses	3,350	3,200	7,316
Sub-total RSUs under the Schemes	11,389	15,018	33,013
Immediately-vested grant to directors (June 2024)			
– Recognised in general and administrative expenses	–	890	–
Sub-total Share-based payment transactions with employees	11,389	15,908	33,013
Share-based payments to shareholders			
– Recognised in general and administrative expenses			
– Mr. Shan Xinning-to-Songhe *(Note 22(a)(ii))*	–	–	7,934
Sub-total share-based payments to shareholders	–	–	7,934
Total share-based payment expense	11,389	15,908	40,947

Accounting policy of share-based payments

The Group operates equity-settled, share-based compensation arrangements under which the Group receives services from employees and other parties as consideration for equity instruments of the Group. The arrangements primarily comprise: (i) RSUs granted to directors, management and employees under the Schemes; and (ii) share-based payment transactions with shareholders in which the Group grants special rights (such as liquidation preferences) in connection with equity transactions (Note 22(a)(ii)).

The fair value of the services received in exchange for the equity instruments is recognised as an expense in the consolidated statements of comprehensive income, with a corresponding credit to equity (share-based payments reserve). The total amount to be expensed is determined by reference to the fair value of the equity instruments granted, including any market performance conditions and the impact of any non-vesting conditions, but excluding the impact of any service and non-market performance vesting conditions.

Non-market performance conditions and service conditions are included in the assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied. Where equity instruments vest immediately on the date of grant (i.e., no further vesting conditions exist), the share-based payment expense is recognised in full on that date.

Modifications

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value in the measurement of the amount recognised for services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. The incremental fair value is recognised over the period from the modification date to the end of the modified vesting period, in addition to any amount in respect of the original instrument, which continues to be recognised over the remainder of the original vesting period.

Where a modification reduces the fair value of the equity instruments or is otherwise not beneficial to the employee (for example, an extension of the vesting period), the Group does not take the decrease in fair value into account and continues to recognise at least the expense that would have been recognised had the modification not occurred.

23 BORROWINGS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Bank borrowings, unsecured	–	–	62,000
Bank borrowings, secured (c)	52,800	85,898	–
	52,800	85,898	62,000

(a) As at 31 December 2023, 2024 and 2025, all bank borrowings are denominated in RMB.

As at 31 December 2023, 2024 and 2025, the weighted average annual interest rate of borrowings was 3.96%, 3.75% and 2.36%, respectively.

(b) The fair value of the bank borrowings approximates their carrying amounts, as the interest rates approximate market rates.

(c) As at 31 December 2023 and 2024, the secured bank borrowings were guaranteed by Mr. Shan Xinning and Mr. Yuan Shengbiao, the Company's related parties.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Bank borrowings, unsecured	–	–	4,000
Bank borrowings, secured	52,800	85,898	–
	52,800	85,898	4,000

24 TRADE, OTHER PAYABLES AND ACCRUED CHARGES

The Group

(a) Trade payables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payables for inventories purchase	96,340	121,256	113,695

The credit period granted by suppliers mainly ranges from 30 - 90 days since invoice date. The following is an ageing analysis of trade payables presented based on initial recognition date:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Up to 3 months	96,057	121,239	113,689
3 to 6 months	207	17	6
Over 6 months	76	–	–
	96,340	121,256	113,695

The Group's trade payables were denominated in RMB.

(b) Other payables and accrued liabilities

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Repurchase obligation liability – restricted shares (i)	6,575	41,365	66,379
Employee benefits payables	37,196	47,587	44,323
Deposits payables	4,868	11,689	16,029
VAT and other tax payables	5,058	4,863	10,169
Installment payables for property, plant and equipment	121,442	60,585	42,278
Accrued POSs development expenses	10,157	12,876	16,665
Accrued POSs operation services	45,203	62,989	85,780
Accrued warehousing and transporting services	4,359	6,538	7,497
Contract liabilities	583	412	1,695
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	6,594	7,632	10,572
	242,035	256,536	303,457
Less: non-current portion	(53,105)	(26,359)	(22,829)
	188,930	230,177	280,628

(i) Repurchase obligation liability – restricted shares represents the aggregate subscription price paid by employees for RSUs granted under the Schemes, for which the Group has a refund obligation (i.e., amounts refundable to employees upon forfeiture of the RSUs prior to vesting).

The Company

(a) Trade payables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payables to subsidiaries	–	64,273	–
Payables for inventories purchase	96,340	–	–
	96,340	64,273	–

(b) Other payables and accrued liabilities

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payables to subsidiaries	–	4,758	10,516
Employee benefits payables	36,653	37,307	25,366
Deposits payables	4,868	6,237	6,702
VAT and other tax payables	5,058	4,336	7,682
Installment payables for property, plant and equipment	121,442	58,333	19,170
Accrued POSs development expenses	10,157	6,403	492
Accrued POSs operation services	44,760	39,448	20,516
Accrued warehousing and transporting services	4,350	3,522	–
Contract liabilities	583	148	335
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	6,472	7,436	6,704
	234,343	167,928	99,553
Less: non-current portion	(53,105)	(24,839)	(6,732)
	181,238	143,089	92,821

25 LEASE LIABILITIES

The Group

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets *(Note 13)*			
Properties	7,582	11,513	10,440
Warehouse	–	–	1,291
Smart retail cabinets	43,782	115,044	131,935
	51,364	126,557	143,666
Lease liabilities			
Properties			
– Non-current	4,205	5,833	3,851
– Current	3,183	5,267	7,369
Smart retail cabinets			
– Non-current	14,675	47,621	45,924
– Current	17,080	34,520	39,500
	39,143	93,241	96,644

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charges of right-of-use assets *(Note 13)*	14,119	29,252	48,617
Short-term leases and leases of low-value assets	1,529	1,402	3,847
Interest expenses (included in finance cost) *(Note 9)*	2,508	3,428	5,053
	18,156	34,082	57,517

The Group leases various properties to operate its businesses and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. No extension options are included in such property leases across the Group. The total cash outflow for repayment of leases liabilities is disclosed in Note 29(c).

For years ended 31 December 2023, 2024 and 2025, the cash outflow for short-term leases and low-value leases was RMB1,529,000, RMB1,402,000 and RMB3,847,000 respectively.

The Group leases certain offices and equipment under short-term lease agreements. As of 31 December 2023, 2024 and 2025, the future commitment relating to short-term leases were immaterial.

The cash flows of lease contracts that the Group has committed but has not yet commenced are nil, 1,674,000 and 3,197,000 as at 31 December 2023, 2024 and 2025.

The Company

Amounts recognised in the statements of financial position

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets *(Note 13)*			
Properties	7,506	10,279	6,135
Warehouse	–	–	69
Smart retail cabinets	43,782	75,327	64,947
	51,288	85,606	71,151
Lease liabilities			
Properties			
– Non-current	4,182	5,719	3,484
– Current	3,184	4,238	3,079
Smart retail cabinets			
– Non-current	14,682	28,659	16,925
– Current	17,073	24,016	20,654
	39,121	62,632	44,142

26 REDEMPTION LIABILITIES

The Group and The Company

(a) Overview

Since the date of incorporation, the Company has completed Series A, Series B and Series B+ rounds of equity financing (collectively, the "**Preferred Financing Rounds**") by issuing ordinary shares to certain financial investors (the "**Financial Investors**"). Concurrently with each issuance, the Company entered into separate agreements granting the Financial Investors certain Special Rights, including redemption rights, liquidation preferences and anti-dilution rights.

In addition, Shenzhen Mingde Holding Development Co., Ltd. ("**Mingde**") originally held 24,000,000 ordinary shares in the Company without any Special Rights. Certain of these shares were subsequently transferred to new shareholders who were granted liquidation preference (but not redemption rights) pursuant to separate agreements executed upon transfer, as follows:

- In 2023, 12,000,000 shares were transferred from Mingde to new shareholders;
- In 2024, 12,000,000 shares were transferred from Mingde to Mr. Shan Xinning. In 2025, 10,800,000 shares were further transferred from Mr. Shan Xinning to other shareholders.

The new shareholders who received ordinary shares originally held by Mingde are collectively referred to as the "Series M Investors."

(b) Issuance history

The following table summarises the equity financing rounds giving rise to redemption liabilities:

Series	Year of issuance	Shares issued/ transferred	Consideration	Key Special Rights
			(RMB'000)	
A	2021	36,000,000	300,000	Redemption, liquidation preference, anti-dilution
B	2023	3,950,618	50,000	Redemption, liquidation preference, anti-dilution
B+	2025	2,187,348	30,794	Redemption, liquidation preference, anti-dilution
M (from Mingde)	2023–2025	24,000,000 (in aggregate)	200,000	Liquidation preference only

The Special Rights held by the Financial Investors (Series A to B+) and the liquidation preference held by the Series M Investors are collectively referred to as the "Special Rights.

(c) Key terms of the Special Rights

(i) Redemption rights (Series A to B+ only)

The Series A to B+ Financial Investors have the right to require the Company, Mr. Yuan Shengbiao, Mr. Shan Xinning or the employee shareholding platform (collectively, the "**Guarantors**") to redeem their equity interests if the Company fails to complete a qualifying [**REDACTED**] by 31 December 2027. The Guarantors are required to settle the redemption within three months after receiving the Financial Investors' written notice (or such longer period as approved by the Financial Investors).

In addition, redemption may be triggered if: (a) the Guarantors materially breach the transaction documents and fail to cure within 30 days; (b) government orders significantly and adversely affect the Group's operations; (c) the founding shareholders resign or cease to provide full-time services; (d) any other investor exercises its redemption rights; or (e) the Company fails to establish Hengyang Fengyi and Hengyang Zushi in Hunan Province and commence relevant business by 31 December 2024.

The redemption price per share is the higher of: (i) 100% of the original investment principal, plus accrued and unpaid dividends, plus interest at a compound annual rate of return of 8% from the date of investment, less any dividends previously received; or (ii) the fair value of the shares held by the Financial Investors at the time of the Company's repurchase.

If the Guarantors' available funds are insufficient to satisfy all redemption requests, payments shall be made in the following order of priority: first to Series B+ investors, then to Series B investors, and lastly to Series A investors.

(ii) Liquidation preferences (Series A to B+ and Series M)

In the event of any liquidation, dissolution or winding up of the Company, or upon a Deemed Liquidation Event, holders of shares with Special Rights are entitled to receive distributions prior to ordinary shareholders without Special Rights.

For Series A to B+ Financial Investors, the liquidation preference per share equals: 100% of the original investment principal, plus an annual rate of return of 8% accrued from the date of investment, plus all declared but unpaid dividends, less any dividends previously received.

For Series M Investors, the liquidation preference per share equals: 100% of the transfer price paid for such ordinary shares, plus an annual rate of return of 8% accrued from the relevant payment date, plus all declared but unpaid dividends, less any dividends previously received.

Distributions shall be made in the following order of priority: first to Series B+ investors, then to Series B investors, then to Series A investors, then to Series M investors, and lastly to ordinary shareholders. If available assets are insufficient to satisfy any tier in full, assets are distributed ratably among investors within that tier. A "Deemed Liquidation Event" includes any merger, consolidation, sale of substantially all assets, or change of control transaction resulting in existing shareholders owning less than 50% of the voting power of the surviving entity.

(iii) Anti-dilution rights (Series A to B+ only)

If, prior to a qualifying [**REDACTED**], the Company issues new shares at a price per unit of registered capital lower than the price paid by the Financial Investors(referred to as "**New Low Financing event**"), the Series A to B+ Financial Investors are entitled to anti-dilution protection on a broad weighted-average basis, through the issuance of additional shares with special rights by the Company or the transfer of shares from the founding shareholders at the lowest issue price permitted by law.

(d) Accounting treatment

The Group has issued shares with aforementioned special rights, which oblige the Group to deliver cash to holders upon exercise under circumstances outside its control (including failure to complete a qualifying [**REDACTED**] by the contractual deadline and the occurrence of a deemed liquidation event). In accordance with accounting policy, any contract containing an obligation for the Group to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability. Accordingly, the Group recognises this obligation as a financial liability ("**redemption liabilities**") upon the issuance or transfer of the relevant shares, even if the obligation is conditional on the counterparty exercising its redemption right.

Initial recognition

The redemption liabilities are initially measured at the present value of the expected cash flows for settling the related obligations if these rights are exercised by the Investors.

A corresponding debit is recognised in other reserves within equity.

Subsequent measurement

The redemption liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense accrued on the redemption liabilities and foreign exchange gains or losses arising from the remeasurement of USD-denominated redemption liabilities are recognised in profit or loss and presented as "changes in the carrying amount of redemption liabilities" in the consolidated statements of comprehensive income. These amounts are presented separately from finance costs as the directors consider this presentation provides more relevant information to users given the nature and magnitude of these obligations.

Whether the remeasurement of a financial liability arising from redemption feature can be recognized in equity depends on the substance of the arrangement. Where an investor is acting in their capacity as a shareholder, the remeasurement is recognized in equity. The investor's agreement to adjust the redemption amount is a non-reciprocal transaction, which is regarded as a transaction where the investor is acting in their capacity as a shareholder. Therefore, the modification is in substance a shareholder capital contribution.

Derecognition

The redemption liabilities will be derecognised when the Group's obligations are discharged, cancelled or have expired. Upon derecognition, the carrying amount of the financial liability is reclassified to equity when the contract expires without delivery.

Anti-dilution derivative

The anti-dilution rights represent a derivative financial instrument measured at fair value through profit or loss. As at 31 December 2023, 2024 and 2025, the fair value of the anti-dilution derivative was assessed to be close to nil, as the directors consider it remote that a New Low Financing event would occur given the trajectory of the Company's equity value. The fair value measurement is categorised within Level 3 of the fair value hierarchy. No separate carrying amount has been recognised in the consolidated statements of financial position.

(e) Movement schedule

The movements of the redemption liabilities issued are set out below:

	Series A	Series B	Series B+	Series M	Redemption liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Opening net book amount	359,635	–	–	–	359,635
Recognition of redemption liabilities	–	50,000	–	100,000	150,000
Changes in the carrying amount of redemption liabilities	19,214	712	–	1,202	21,128
Closing net book amount	378,849	50,712	–	101,202	530,763
Year ended 31 December 2024					
Opening net book amount	378,849	50,712	–	101,202	530,763
Recognition of redemption liabilities	–	–	–	100,000	100,000
Changes in the carrying amount of redemption liabilities	61,559	4,414	–	12,777	78,750
Closing net book amount	440,408	55,126	–	213,979	709,513
Year ended 31 December 2025					
Opening net book amount	440,408	55,126	–	213,979	709,513
Recognition of redemption liabilities	–	–	30,794	–	30,794
Changes in the carrying amount of redemption liabilities	84,466	7,011	4,970	16,096	112,543
Impact of transfer of shares with special rights *(Note 26(g)(i))*	–	–	–	(7,725)	(7,725)
Closing net book amount	524,874	62,137	35,764	222,350	845,125

(f) Valuation Methodology for Redemption Liabilities

When estimating the fair value of redemption liabilities, management uses a probability-weighted scenario-based approach: first deriving the Group's equity value via DCF model (adjusted for control and liquidity discounts), then allocating value to shares with special rights and ordinary shares across [**REDACTED**], liquidation and redemption scenarios using an equity allocation model consistent with shareholder agreement terms. Key assumptions are set as below:

	As at 31 December		
	2023	2024	2025
Weighted average cost of capital	9.50%	10.11%	10.00%
Discount for lack of control	13.14%	12.99%	13.14%
Terminal growth rate	3.00%	3.00%	2.00%

(g) Impact on equity

The following table reconciles the movements in "other reserves" arising from redemption liabilities:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	(299,862)	(449,862)	(549,862)
Initial recognition of redemption liabilities (debit to other reserves)	(150,000)	(100,000)	(30,794)
Impact of transfer of shares with special rights (i)	–	–	7,725
Closing balance	(449,862)	(549,862)	(572,931)

(i) In 2025, 10,800,000 shares with special rights were further transferred from Mr. Shan Xinning to other shareholders. The transfer resulted in a decrease in the carrying amount of the redemption liability, the decrease of the redemption liability is a non-reciprocal transaction, and is regarded as a transaction where the investor is acting in their capacity as a shareholder.

(h) Termination of Special Rights

In April 2026, the Series A, B and B+ Financial Investors, the Series M Investors, the Company, Mr. Shan Xinning, Mr. Yuan Shengbiao and the employee shareholding platforms entered into the Shareholders' Special Rights Termination Agreement dated 10 April 2026 (the "**Termination Agreement**"). Under the Termination Agreement:

— the redemption rights held by the Series A, B and B+ Financial Investors will terminate, unconditionally and irrevocably, on the day immediately prior to the first filing of the Company's [**REDACTED**] application with the Stock Exchange;

— the deemed-liquidation-event obligations held by all Series A, B, B+ and M holders will terminate, unconditionally and irrevocably, on the later of (i) 29 May 2026 and (ii) the date of first filing of the [**REDACTED**] application; and

— all other Special Rights (including liquidation preferences (other than upon a deemed-liquidation event) and anti-dilution rights) will terminate, unconditionally and irrevocably, upon completion of the [**REDACTED**] and the [**REDACTED**] of the Company's shares on the Main Board of the Stock Exchange.

No party may unilaterally revoke or amend any of the above termination provisions without the prior written consent of all parties to the Termination Agreement.

As at the date of this report, the [**REDACTED**] application has been filed. Accordingly, the redemption rights and deemed-liquidation-event obligations have been terminated. The liquidation preferences and anti-dilution rights remain outstanding and will be terminated upon [**REDACTED**].

Had the redemption rights and deemed-liquidation-event obligations terminated at 31 December 2025, the carrying amount of the redemption liabilities of RMB845,125,000 would have been derecognised, with RMB845,125,000 credited to other reserves in accordance with the policy set out in Note 26(d). The Group would have moved from a net deficit of RMB336,114,000 to net assets of RMB509,011,000.

27 DIVIDENDS

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

28 DEFERRED TAX

The Group

(a) Deferred tax assets

	Lease liabilities	Installment payables for property, plant and equipment	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	–	–	–	–	–
Recognized in the profit or loss	8,045	264	114,327	25	122,661
As at 31 December 2023	8,045	264	114,327	25	122,661
Recognized in the profit or loss	15,495	386	24,566	159	40,606
As at 31 December 2024	23,540	650	138,893	184	163,267
Recognized in the profit or loss	6,129	147	32,246	(131)	38,391
As at 31 December 2025	29,669	797	171,139	53	201,658

(b) Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 1 January 2023	–
Recognized in the profit or loss	7,712
As at 31 December 2023	7,712
Recognized in the profit or loss	15,367
As at 31 December 2024	23,079
Recognized in the profit or loss	5,719
As at 31 December 2025	28,798

(c) The following table sets forth the net balances of deferred tax assets and liabilities after offsetting:

	As at 31 December					
	2023		2024		2025	
	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	(7,712)	114,949	(23,079)	140,188	(28,798)	172,860
Deferred tax liabilities	7,712	–	23,079	–	28,798	–

The Company

(a) Deferred tax assets

	Lease liabilities	Installment payables for property, plant and equipment	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	–	–	–	–	–
Recognized in the profit or loss	8,043	264	114,168	25	122,500
As at 31 December 2023	8,043	264	114,168	25	122,500
Recognized in the profit or loss	5,306	372	(39,461)	151	(33,632)
As at 31 December 2024	13,349	636	74,707	176	88,868
Recognized in the profit or loss	(1,895)	70	(66,329)	(143)	(68,297)
As at 31 December 2025	11,454	706	8,378	33	20,571

(b) Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 1 January 2023	–
Recognized in the profit or loss	7,693
As at 31 December 2023	7,693
Recognized in the profit or loss	5,148
As at 31 December 2024	12,841
Recognized in the profit or loss	(2,168)
As at 31 December 2025	10,673

(c) The following table sets forth the net balances of deferred tax assets and liabilities after offsetting:

	As at 31 December					
	2023		2024		2025	
	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	(7,693)	114,807	(12,841)	76,027	(10,673)	9,898
Deferred tax liabilities	7,693	–	12,841	–	10,673	–

Accounting policy of current and deferred income tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, or in other comprehensive income or in equity if it relates to items that are recognised in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

29 NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss before income tax	**(46,458)**	**(42,396)**	**(69,892)**
Adjustments for:			
Depreciation of property, plant and equipment *(Note 6)*	44,120	46,001	46,745
Depreciation of right-of-use assets *(Note 6)*	14,119	29,252	48,617
Amortization of intangible assets *(Note 6)*	1,084	1,594	1,907
Share-based payments expenses *(Note 22(d))*	11,389	15,908	40,947
Fair value losses on financial liabilities *(Note 8)*	–	–	603
Income from loan to a shareholder *(Note 8, Note 18(b)(i))*	–	(4,809)	–
Net impairment losses on financial assets	134	3	40
Interest income on bank deposits *(Note 9)*	(3,235)	(3,073)	(2,686)
Losses/(Gains) on disposal of property, plant and equipment *(Note 8)*	788	355	(211)
(Gains)/Losses on termination of right-of-use assets *(Note 8)*	(15)	588	(152)
Losses on disposal of intangible assets *(Note 8)*	–	547	–
Finance costs *(Note 9)*	14,330	14,680	10,845
Changes in the carrying amount of redemption liabilities *(Note 26)*	21,128	78,750	112,543
	57,384	**137,400**	**189,306**
Changes in working capital:			
Restricted cash	–	(57)	57
Inventories	(19,074)	(25,052)	(10,723)
Trade receivables	14,429	1,360	(818)
Other receivables and prepayments	(6,540)	(726)	(29,606)
Trade payables	(7,968)	24,916	(7,561)
Other payables and accrued charges	70,106	41,214	44,824
Cash generated from operations	**108,337**	**179,055**	**185,479**

(b) Non-cash investing activities

Non-cash transactions are primarily related to the addition of right-of-use assets and lease liabilities described in Note 13 and Note 25, derecognition of redemption liabilities described in Note 26. Other than these mentioned, there were no other material non-cash investing and financing transactions during the Track Record Period.

(c) Reconciliation of liabilities generated from financing activities

	Lease liabilities	Installment payables for property, plant and equipment	Borrowings	Redemption liabilities	Total
	RMB'000		*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**33,803**	**114,225**	**6,000**	**359,635**	**513,663**
Cash flows	(30,041)	(71,696)	45,925	–	(55,812)
Additions to property, plant and equipment acquired under installment payments	–	67,966	–	–	67,966
Addition of new leases *(Note 13)*	34,027	–	–	–	34,027
Termination and modification of leases	(1,154)	–	–	–	(1,154)
Interest accrued *(Note 9)*	2,508	10,947	875	–	14,330
Recognition of redemption liabilities *(Note 26)*	–	–	–	150,000	150,000
Changes in the carrying amount of redemption liabilities *(Note 26)*	–	–	–	21,128	21,128
As at 31 December 2023	**39,143**	**121,442**	**52,800**	**530,763**	**744,148**
Cash flows	(59,362)	(76,678)	29,928	–	(106,112)
Additions to property, plant and equipment acquired under installment payments	–	7,739	–	–	7,739
Addition of new leases *(Note 13)*	110,901	–	–	–	110,901
Termination and modification of leases	(869)	–	–	–	(869)
Interest accrued *(Note 9)*	3,428	8,082	3,170	–	14,680
Recognition of redemption liabilities *(Note 26)*	–	–	–	100,000	100,000
Changes in the carrying amount of redemption liabilities *(Note 26)*	–	–	–	78,750	78,750
As at 31 December 2024	**93,241**	**60,585**	**85,898**	**709,513**	**949,237**
Cash flows	(88,704)	(47,421)	(26,337)	–	(162,462)
Additions to property, plant and equipment acquired under installment payments	–	25,761	–	–	25,761
Addition of new leases *(Note 13)*	90,220	–	–	–	90,220
Termination and modification of leases	(3,166)	–	–	–	(3,166)
Interest accrued *(Note 9)*	5,053	3,353	2,439	–	10,845
Recognition of redemption liabilities *(Note 26)*	–	–	–	30,794	30,794
Changes in the carrying amount of redemption liabilities *(Note 26)*	–	–	–	112,543	112,543
Derecognition of redemption liabilities *(Note 26)*	–	–	–	(7,725)	(7,725)
As at 31 December 2025	**96,644**	**42,278**	**62,000**	**845,125**	**1,046,047**

30 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the Directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

Save as disclosed in Note 20, 22 and 26 of this accountant's report, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

Name of the related parties	Nature of the relationship
Mr. Shan Xinning ("**Mr. Shan**")	Executive director, chief executive officer and controlling shareholder of the Company
Mr. Yuan Shengbiao ("**Mr. Yuan**")	Executive director and shareholder of the Company
Shenzhen Mingde Holding Development Co., Ltd. ("**Mingde**") and its subsidiaries	Former shareholder of the Company (ceased to be a related party on 4 July 2024 upon disposal of its entire shareholding in the Company) (i)

(i) On 4 July 2024, Mingde disposed of the entire shareholding it held in the Company, resulting in Mingde and its subsidiaries ceasing to be related parties of the Company from that date. Accordingly, transactions between the Group and Mingde (and its subsidiaries) after 4 July 2024 are not presented as related party transactions.

(b) Significant transactions with related parties

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods *(i)*			
Mingde and its subsidiaries	39,446	14,560	NA
Purchase of services *(ii)*			
Mingde and its subsidiaries	14,561	8,819	NA
Additions of right-of-use assets *(iii)*			
Mingde and its subsidiaries	2,588	6,999	NA
Depreciation and interest expenses borne by the Group as the lessee *(iii)*			
Mingde and its subsidiaries	724	1,314	NA
Loan to a shareholder *(Note 18(b)(i))*			
Mr. Shan	–	80,000	–

(i) Sales of goods to Mingde and its subsidiaries comprised sales of fast-moving consumer goods through the Group's sales of goods from smart retail cabinets. The pricing was determined with reference to the same pricing terms as those offered to independent third-party customers.

(ii) Purchase of services from Mingde and its subsidiaries principally comprised POS operation services. The pricing was determined with reference to market rates for comparable services.

(iii) The Group leased certain office premises and warehouses from Mingde and its subsidiaries. The lease terms were negotiated on an arm's length basis with reference to prevailing market rental rates for comparable premises in the same location.

(iv) For the years ended 31 December 2023, 2024 and 2025, Mr. Shan and Mr. Yuan provided guarantees as security for the Group's short-term borrowings, details of which are set out in Note 23(c).

For the year ended 31 December 2024, transactions with Mingde and its subsidiaries represent amounts incurred during the period from 1 January 2024 to 4 July 2024 (the date on which Mingde ceased to be a related party).

(c) Balances with related parties

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature and included in:			
Trade receivables			
Mingde and its subsidiaries	4,010	NA	NA
Other receivables			
Mingde and its subsidiaries	2,515	NA	NA
Other payables			
Mingde and its subsidiaries	2,737	NA	NA
Lease liabilities			
Mingde and its subsidiaries	1,941	NA	NA
Non-trade in nature and included in:			
Other receivables			
Mr. Shan	–	39,309	–

Trade receivables from, other payables to, and lease liabilities with Mingde and its subsidiaries were trade in nature, arising from the transactions described in Note 30(b) above. Other receivables from Mingde and its subsidiaries were trade in nature, primarily consisting of deposits paid for leasing properties. As Mingde ceased to be a related party on 4 July 2024, no related party balances with Mingde are presented as at 31 December 2024 and 2025.

Other receivables from Mr. Shan represent the outstanding balance of a non-trade loan advanced to partially fund his acquisition of ordinary shares in the Company. Details of the terms, fair value measurement and settlement are set out in Note 18(b)(i). The loan was fully settled as at 31 December 2025. The loan was unsecured and interest-free.

All related party balances are unsecured and are expected to be settled in cash. No guarantees have been given or received in respect of the above related party balances (other than the personal guarantees for bank borrowings disclosed in Note 30(b)).

(d) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel of the Group comprise the executive directors and senior management of the Company.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	9,045	10,217	9,349
Share-based compensation expenses	2,620	4,218	6,678
Pension costs – defined contribution plans	111	150	247
Other employees benefits	67	88	162
	11,843	14,673	16,436

(e) Directors' and supervisors' emoluments

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

Year ended 31 December 2023:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Pension costs – defined contribution plans	Other employees benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Shan *(i)*	1,754	–	25	14	1,793
Mr. Yuan *(ii)*	1,473	–	25	15	1,513
Ms. Zhao Yu *(iv)*	648	508	5	9	1,170
Ms. Guo Xindi *(v)*	–	–	–	–	–
Ms. Liu Min *(viii)*	–	–	–	–	–
Supervisor:					
Ms. Zheng Boyong *(vii)*	–	–	–	–	–
	3,875	508	55	38	4,476

Year ended 31 December 2024:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Pension costs – defined contribution plans	Other employees benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Shan *(i)*	2,518	2,181	27	19	4,745
Mr. Yuan *(ii)*	1,636	–	27	14	1,677
Mr. Zhu Tao *(iii)*	2,520	679	25	9	3,233
Ms. Zhao Yu *(iv)*	765	407	11	9	1,192
Ms. Guo Xindi *(v)*	–	–	–	–	–
Ms. Liu Min (viii)	–	–	–	–	–
Supervisors:					
Ms. Zheng Boyong *(vi)*	–	–	–	–	–
Ms. Huang Feili *(vii)*	692	355	22	18	1,087
	8,131	3,622	112	69	11,934

Year ended 31 December 2025:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Pension costs – defined contribution plans	Other employees benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Shan *(i)*	1,789	2,854	29	18	4,690
Mr. Yuan *(ii)*	1,398	–	29	18	1,445
Mr. Zhu Tao *(iii)*	2,570	1,276	28	12	3,886
Ms. Zhao Yu *(iv)*	711	729	36	25	1,501
Ms. Guo Xindi *(v)*	–	–	–	–	–
Supervisor:					
Ms. Huang Feili *(vii)*	715	670	58	43	1,486
	7,183	5,529	180	116	13,008

(i) Mr. Shan Xinning was appointed as a director in September 2021. He has served as the chief executive officer and controlling shareholder of the Company throughout the Track Record Period.

(ii) Mr. Yuan Shengbiao was appointed as a director in June 2018.

(iii) Mr. Zhu Tao was appointed as a director in July 2024.

(iv) Ms. Zhao Yu was appointed as a director in September 2021.

(v) Ms. Guo Xindi was appointed as a director in September 2021.

(vi) Ms. Zheng Boyong was appointed as a supervisor in September 2021 and expired in July 2024.

(vii) Ms. Huang Feili was appointed as a supervisor in July 2024 and expired in May 2026.

(viii) Ms. Liu Min was appointed as a director in May 2022 and expired in July 2024.

(f) Directors and supervisors' retirement benefits

None of the directors or supervisors received any retirement benefits during the Track Record Period.

(g) Directors and supervisors' termination benefits

None of the directors or supervisors received any termination benefits during the Track Record Period.

(h) Consideration provided to third parties for making available directors and supervisors' services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors or supervisors' services.

(i) Loans and dealings in favour of directors

During the Track Record Period, the Company advanced a loan of RMB80,000,000 to Mr. Shan Xinning, an executive director, chief executive officer and controlling shareholder of the Company, to partially fund his acquisition of ordinary shares in the Company from Mingde. Details of the terms, fair value measurement and settlement are set out in Note 18(b)(i). The loan was unsecured, bore no contractual interest and was fully settled as at 31 December 2025.

Save as disclosed above, there were no other loans, quasi-loans or other dealings in favour of directors, supervisors or bodies corporate controlled by, or entities connected with, such directors or supervisors during the Track Record Period.

(j) Directors and supervisors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 22, 23 and 26 (relating to share-based payment arrangements, personal guarantees for bank borrowings, and special rights granted to shareholders, respectively), no significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the Track Record Period.

31 COMMITMENTS

The Group did not have any capital commitments as at 31 December 2023, 2024 and 2025.

32 CONTINGENCIES

As at 31 December 2023, 2024 and 2025, the Group did not have material contingent liabilities, guarantees or litigations or claims of material importance, pending or threatened against any member of the Group.

33 SUBSEQUENT EVENTS

(a) Conversion into a joint stock limited company

On 27 March 2026, the shareholders resolved to convert the Company from a limited liability company to a joint stock limited company. The conversion was completed on 30 March 2026 upon issue of the new business licence. Pursuant to the conversion, the net assets of the Company as at 31 January 2026 were converted into 112,804,633 ordinary shares with a par value of RMB1.00 each, with the excess of net asset value over total par value credited to capital reserve of the Company.

(b) Termination of Special Rights

In April 2026, the Series A, B and B+ Financial Investors, the Series M Investors, the Company, Mr. Shan Xinning, Mr. Yuan Shengbiao and the employee shareholding platforms (the Guarantors as defined in Note 26(c)(i)) entered into the Shareholders' Special Rights Termination Agreement, pursuant to which the Special Rights described in Note 26(c) have been or will be unconditionally and irrevocably terminated upon the occurrence of the relevant trigger events. Details of the Termination Agreement, including the trigger events and the estimated financial effect on the Group, are set out in Note 26(h).

34 SUMMARY OF OTHER ACCOUNTING POLICIES

(a) Subsidiaries

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

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity.

(b) Separate financial statements

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

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

(d) Financial assets

(i) Classification

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

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

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

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

See Note 17 for details about each type of financial assets.

(ii) Recognition and measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from cash and cash equivalents is included in finance income, interest income from loans to customers is included in finance income using effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains. Impairment losses are presented "Net (provision)/reversal of impairment losses on financial assets" in the consolidated statements of comprehensive income.
- Fair value through other comprehensive income ("**FVTOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in "Net (provision)/ reversal of impairment losses on financial assets" in the statement of comprehensive income.
- Fair value through profit or loss ("**FVTPL**"): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains, net in the period in which it arises.

During the Track Record Period, no debt instruments is recognised in respect of financial assets at FVOCI.

(iii) Impairment

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

For cash and cash equivalents, the expected credit loss risk is considered immaterial.

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows receivable and all cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The impairment matrix is determined based on historical observed default rates over the expected life of trade receivable with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rate are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(e) Intangible assets

Purchased software

Purchased software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful life of 10 years. Costs associated with maintaining computer software programs are recognised as expense as incurred.

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group companies purchase the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan with vesting condition, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as capital reserve/share premium.

Other reserves is recorded to reflect the carrying amount of the redemption liabilities upon its initial recognition and will be reversed when the redemption liabilities are derecognized (Note 26).

(h) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

(i) Borrowing cost

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

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(i) Trade and other payables

Trade payable represents liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months (or in the normal operating cycle of the business if longer) after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Employee benefits

(i) Short-term employee benefits

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

(ii) Pension, housing funds, medical insurances and other social insurances obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans in the PRC under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries.

Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(k) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset at amortised cost except for financial assets that become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(l) Government grants

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

Government grants relating to costs and expenses are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(m) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. Where the carrying amount exceeds recoverable amount, an impairment loss is recognised in profit or loss. Impairment losses (other than for goodwill) are reversed to the extent the recoverable amount subsequently exceeds the carrying amount, capped at the carrying amount that would have been determined had no impairment loss been recognised.

III SUBSEQUENT FINANCIAL STATEMENTS

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