***You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our* [REDACTED]*, in light of the circumstances and your own investment objectives. These risks could materially and adversely affect our business, financial condition, results of operations and prospects. This document contains certain forward-looking statements regarding our plans, objectives, expectations and intentions, which involve risks and uncertainties. The* [REDACTED] *of our* [REDACTED] *could significantly decrease due to any of these risks, and you may lose part or all of your investment. The risks described below are those that we believe are material, but these may not be the only risks and uncertainties that we face. Additional risks we have not identified or which we currently deem immaterial may nevertheless have a material adverse effect on our business, financial condition, and results of operations, or result in other events that could lead to a decline in the value of our* [REDACTED].**

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We Rely on Our Upstream Sourcing Partners to Obtain Steady Supply of Pre-owned Consumer Electronics, and Any Deterioration in Our Relationships with These Partners or Failure to Successfully Expand our Offline Sourcing Network May Materially and Adversely Affect Our Business, Results of Operations and Financial Condition

Strategic collaborations with our upstream sourcing partners have been our key to obtaining access to stable and quality supply of pre-owned consumer electronics. During the Track Record Period, we had deeply benefited from our mutually beneficial relationship with these upstream sourcing partners and we expect to continue to collaborate and rely on their offline geographic coverage for our supply of pre-owned consumer electronics for the foreseeable future. During the Track Record Period, we had provided trade-in recycling services to more than 77,000 offline stores of our upstream sourcing partners spanning over 31 provinces in the PRC on a cumulative basis. For the years ended December 31, 2023, 2024 and 2025, the aggregate number of pre-owned consumer electronics, mainly mobile phones, procured through the channels of our upstream sourcing partners by way of offline store trade-in services were approximately 1,505,000, 1,286,000 and 1,581,000 units, respectively.

We cannot assure you that we will be able to maintain our business relationships with our upstream sourcing partners in the future. We may not be able to successfully renew or extend our current business arrangements with these upstream sourcing partners on commercially reasonable terms, or at all, upon expiration or early termination of the current arrangements. In the event that we fail to maintain our business relationship with any of our major upstream sourcing partners, especially the mainstream consumer electronic brands and their designated distributors, we may not be able to establish similar cooperative relationships with comparable upstream sourcing partners under commercially reasonable terms in a timely manner, if at all. In addition, if any of these upstream sourcing partners experience business deterioration, decline in market position or market share, or damage to their brand image or reputation, our recycling service business may be materially and adversely affected.

Furthermore, we also cannot assure you that we would be able to effectively expand our offline sourcing network leveraging the offline channels of our upstream sourcing partners. In the event that our business relationship deteriorates with any of upstream sourcing partner, or we are unable to secure desirable store locations of upstream sourcing partners for conducting offline store trade-in services at manageable cost, our business, results of operations and financial conditions may be materially and adversely affected.

Our Brand Image is Important to Our Business, and Failure to Maintain Our Reputation and Brand Profile May Have a Material Adverse Impact on Our Business, Results of Operations, Financial Condition and Prospects

Maintaining, promoting and enhancing our reputation and brand profile are critical to maintaining and expanding our business. The reputation and brand profile that we have built over the years have played a significant role in enabling us to secure steady supply of pre-owned consumer electronics from individual consumers through the channels of our upstream sourcing partners, as well as to retain existing customers and attract new customers in the second-hand consumer electronics market. Maintaining and enhancing our core brands, namely Shanhuishou (閃回收) and Shanhui Youpin (閃回有品), depend largely on our ability to continue providing high quality integrated services from initiating recycling of pre-owned consumer electronics primarily by way of trade-in solutions to efficiently and effectively reselling these procured pre-owned consumer electronics. We cannot assure that we will be able to do so successfully. If our upstream sourcing partners, customers and individual consumers no longer perceive our services to be of high quality, or if they no longer perceive us as a business partner with high credibility for any reason, our reputation and brand image may be adversely affected, which, in turn, could have a material adverse effect on our business, result of operations and financial condition.

We Largely Rely on the Front Sales Personnel of Our Upstream Sourcing Partners' Offline Stores to Provide In-store Consumers with Quality Trade-in Experience, Failure to Do So May Materially and Adversely Affect Our Business, Reputation, Results of Operations and Financial Condition

The success of our business hinges on the ability to attract and engage in-store consumers to sell their pre-owned consumer electronics through our trade-in solutions offered in the offline stores of our upstream sourcing partners, which in turn, relies heavily on the quality of services provided by the front sales personnel of our upstream sourcing partners' offline stores to the in-store consumers during trade-in transactions. Generally, for recycling transaction conducted under offline store trade-in services, an individual consumer waits onsite and the front sales personnel captures and uploads images and supplementary device information to our Shanhuishou (閃回收) recycling system. Our AI-driven BOSS System then remotely inspects, grades, and generates a recommended recycling price within minutes. Upon the consumer's acceptance, we immediately remit the recycling payment, along with any applicable promotional discounts (if applicable), directly to the consumer via digital payment platforms. The front sales personnel also help the consumer perform a factory reset of their old device. Pursuant to our business arrangements with upstream sourcing partners, we typically provide trainings to their front sales personnel on the efficient use of our Shanhuishou (閃回收) recycling system and offer other necessary support at the back office during consumers' trade-in recycling transactions. As such, we rely extensively on these front sales staff to deliver a quality trade-in experience to in-store consumers. As we do not operate these offline stores, the standard and/or procedures on provision of in-store consumers' trade-in recycling services may be compromised by factors that are beyond our control. We cannot guarantee that our trade-in recycling services will consistently meet our quality standard at our upstream sourcing partners' offline stores. If the front sales personnel of our upstream sourcing partners' offline stores fails to provide a satisfactory trade-in experience to the in-store consumers, our recycling services and reputation may be materially and adversely affected, which would, in turn, affect our business, results of operations and financial condition.

We Recorded Net Current Liabilities and Net Liabilities During the Track Record Period and May not Generate Sufficient Cash Flows in the Future to Finance Our Operations or Meet Our Current Liabilities

We recorded net current liabilities of approximately RMB631.4 million, RMB700.5 million and RMB773.5 million as of December 31, 2023, 2024 and 2025, respectively. Our net current liabilities during the Track Record Period were primarily due to the increases in our redemption liabilities, which amounted to approximately RMB685.2 million, RMB759 million and RMB858.4

million for the same periods, respectively, as a result of changes in the carrying amount of our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. As a result, we also recorded net liabilities of approximately RMB622.4 million, RMB688.3 million and RMB767.5 million as of December 31, 2023, 2024 and 2025. We expect that we would be able to record net current asset position upon the termination of these preferential rights upon [**REDACTED**]. For more details of our [**REDACTED**] Investments, please refer to "History, Reorganization and Corporate Structure – 5. [**REDACTED**] Investments" and "Financial Information – Liquidity and Capital Resources – Current Assets and Liabilities" in this document. Please also refer to note 22 to our financial statements included in the Accountants' Report in Appendix I to this document.

Our future liquidity, the payment of trade and other payables and the repayment of our outstanding debts when they become due will primarily depend on future operating and financial performance, including our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate financing. Our future performance will be impacted by prevailing economic conditions and a range of other business and competitive factors which are beyond our control. Therefore, there is no assurance that we will not experience net current liabilities and/or net liabilities in the future. The net current liabilities position would expose us to liquidity risk which could restrict our ability to make necessary capital expenditures or develop business opportunities, and our business, operating results and financial condition could be materially and adversely affected. There is also no assurance that we will always have adequate funds to meet our repayment obligations, or that our historical net current liabilities will not impair our ability to obtain new borrowings to finance our operation or capital commitments. In such circumstances, our business, results of operations, financial position and prospects may be materially and adversely affected.

We Face Competition in the Industries Where We Operate, and Our Inability to Compete Effectively May Materially and Adversely Affect Our Business, Results of Operations and Financial Condition

We face competition in providing consumer electronics trade-in-and-resale services. Our primary competitors include other top service providers engaging in the consumer electronics recycling services in the PRC, some of which may have greater financial, technological and marketing resources than we do. These resources could allow them to develop new service lines, adapt more quickly to technological changes and to undertake extensive marketing campaigns. Consequently, our recycling services may become less attractive to our upstream sourcing partners and individual consumers, causing us to lose market share. In addition, smaller companies or new entrants may be acquired by, receive investment from, or enter into strategic relationships with more well-established and well-financed companies or investors, adding their competitive edges. This may also intensify peer competitions among qualified consumer electronics recycling service providers. Please refer to "Industry Overview" in this document for more information.

If we are unable to compete effectively in the PRC consumer electronics recycling service industry, we may not be able to attract and retain customers and business partners, and our market share, revenue growth, profitability and reputation may be negatively affected, which in turn could materially and adversely affect our business, results of operations and financial condition.

We Incurred Losses During the Track Record Period and Had Net Cash Used in Operating Activities for the Years Ended December 31, 2023 and 2024, Which May Continue in the Future

We incurred losses of approximately RMB98.3 million, RMB66.4 million, and RMB79 million for the years ended December 31, 2023, 2024 and 2025, respectively. We also had net cash used in operating activities of approximately RMB47.8 million and RMB18.4 million for the years ended December 31, 2023 and 2024, respectively. For more details, please refer to "Financial Information" in this document.

We may continue to incur losses and net cash outflows from our operations in the future for a number of reasons, including our continuous redemption obligations, increasing competition of the pre-owned consumer electronic recycling service industry, decreasing demand or slower-than-expected increase in demand for our procured pre-owned consumer electronics or services, as well as other risks discussed herein. We may also incur unforeseen expenses, or encounter difficulties, complications and delays in generating revenue or achieving profitability. If our revenue decreases or grows slower, we may not be able to reduce or control our costs and expenses proportionally in a timely manner. In addition, if we reduce our procurement costs and expenses, we may limit our ability to maintain and expand our sourcing network and our customer base. Accordingly, we may not be able to achieve profitability and we may continue to incur losses in the future.

Any Significant Slowdown in the PRC Macroeconomic Condition and Policy Shift Coupled with Intensive Competition in the Industry may Materially and Adversely Affect Our Business, Results of Operation and Financial Condition

We are subject to macroeconomic conditions in the PRC. If there is a significant downturn in the PRC economy, or if the current favorable government policies and public environment initiatives are modified, consumer demand for new consumer electronics and trade-in services may soften. Under such market conditions, the desire of individual consumers to replace their consumer electronics could be significantly lowered. To maintain our recycling volume and market position amidst intense market competition, we may need to increase the trade-in prices we offer pre-owned consumer electronics of similar models and/or quality as compared to previous years.

Consequently, these adverse macroeconomic and policy shifts may exert constraints on our supply of pre-owned consumer electronics, increase our operating expenses, and reduce our revenue and gross profit margin. If we fail to effectively cope with these PRC economy downturns, policy changes and competitive pressures our business, financial condition, and results of operations could be materially and adversely affected.

If We are Unable to Expand our Sales Channels and Broaden our Customer Base, our Business, Results of Operations and Financial Condition may be Materially and Adversely Affected

Our sales growth and the improvement of gross profit margin depend on our ability to expand sales channels and broaden customer base. We cannot assure you that our existing customers are all accustomed to our business modules on, or we can always attract new customers to use our Shanhui Youpin (閃回有品) online sales platform. We also cannot guarantee that our strategies to explore new sales channels and develop new customers will always be successful or can be sustained in the future. Please refer to "Business — Our Strategies" in this document for details. If our sales and marketing effort on these sales strategies fail, our business, results of operations and financial condition would be materially and adversely affected.

The Proper Functioning of Technology Systems is Essential to Our Business, and Any Failure to Maintain the Satisfactory Performance of Our Operating Systems May Materially and Adversely Affect Our Business, Results of Operations and Financial Condition

The satisfactory performance, reliability and availability of our proprietary technology systems are critical to our success and our ability to support and work with our upstream sourcing partners to conduct trade-in recycling services, retain and serve our existing customers and attract more buyers to purchase our procured pre-owned consumer electronics. Majority of our business and services are conducted through our proprietary technology systems. Any system interruptions caused by telecommunications failures, computer viruses, hacking, willful misconduct of employees sabotaging our operating systems or data, or other attempts to harm our technology systems may result in the unavailability or slowdown of our operating systems or reduced order fulfillment performance could reduce our transaction volume and the attractiveness of our service offerings.

We periodically update our operating systems and release new versions in order to obtain a superior user experience of our recycling and sales platforms. Our operating systems may contain programming errors that only become apparent after their release. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any programming error which had a material impact on our operations. However, we cannot assure you that we can always detect and resolve all such programming errors effectively and timely. Undetected programming errors could adversely affect our operations, user experience and market acceptance. Any errors, bugs or vulnerabilities discovered in our code after release could result in interruption of our operations, damage to our reputation, loss of customers and hence revenue or liability for damages, which could materially adversely affect our business and operating results.

If We Fail to Maintain and Upgrade Our Proprietary Technology to Adapt to the Ever-changing Market and Industry, or If Our Efforts to Invest in the Development of New Technologies Are Unsuccessful or Ineffective, Our Business, Results of Operations and Financial Condition May Be Materially and Adversely Affected

Our success will depend, to a large extent, on our ability to identify, develop and acquire leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. For example, we depend on our front-end smart recycling system driven by AI technology applied in our operation and inspection centers to effectively and efficiently inspect, grade and price the pre-owned consumer electronics we procure. Our BOSS System is a standardized and configurable management system and centralizes all our management matters, which is developed based on our understanding of ERP systems to fulfil our daily recycling operation needs. The maintenance and upgrade of our proprietary technologies may entail significant costs and/or technical risks. We also cannot assure you that we will be able to successfully develop new technologies to supplement our current systems to meet the latest industry requirements or emerging industry standards. If we are unable to maintain, upgrade and/or develop technologies successfully or adapt in a cost-effective and timely manner in response to changing market conditions or the requirements of our upstream sourcing partners and/or customers, our business, results of operations and financial condition may be materially and adversely affected.

Privacy Concerns Relating to Pre-owned Consumer Electronics and the Collection, Storage and Usage of Personal Information Could Deter Demand of Either Our Services, Damage Our Reputation, Impede Our Business Growth and Thus Negatively Impact Our Business

We maintain a data clearance policy, including mandatory data erasing upon us obtaining the pre-owned consumer electronics from individual consumers in the offline stores of our upstream sourcing partners, and before the same leaving our operation centers for resale. However, concerns about mishandling personal information or other private and sensitive information stored in pre-owned consumer electronics, even if unfounded, or a general lack of confidence in the security of privacy in connection with pre-owned consumer electronics could still deter individual consumers from using our services for their trade-in solutions. In addition, due to our business nature, we may inevitably collect, store and use personal information during our business services. While we strive to comply with applicable data protection laws and regulations, as well as our own privacy policies and other obligations we may have with respect to privacy and data protection, failure or perceived failure to comply may result in complaints, inquiries and other proceedings or actions against us by government agencies or others, which in turn, severely damage our reputation and brand image.

Since we process and store data during our ordinary course of business, this also makes us or the third-party cloud service providers which host our servers potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins, or similar disruptions. Breaches to our security measures, including computer viruses and hacking, may result in significant damage to our hardware and software systems and database, disruptions to our business activities, inadvertent disclosure of confidential information, interruptions in access to our platforms, and other material adverse effects on our business operations. Moreover, techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target. Hence, we may be unable to anticipate these techniques or to implement adequate preventative measures. Given its great commercial value, private data we have may be hacked and misused by third parties, which could expose us to legal and regulatory risks and seriously harm our business.

Meanwhile, the PRC regulatory and enforcement regime with regard to data security and data protection is evolving. Please refer to "Regulatory Overview – Regulations relating to cybersecurity, data security and protection of personal information" in this document for more details. We cannot assure you that our privacy and data protection measures will always be considered sufficient under applicable laws and regulations. Complying with new laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. If we or those with whom we share information fail to comply with these laws and regulations or experience a data security breach, our reputation could be damaged and we could be subject to additional litigation and regulatory risks.

The regulatory authorities in the PRC have promulgated laws and regulations relating to cybersecurity review, including requirements that affect overseas listings by Chinese companies. According to the Cybersecurity Review Measures, which became effective in February 2022, operators of critical information infrastructure who purchase network products and services and network platform operators who carry out data processing activities that affect or may affect national security shall be subject to cybersecurity review. In addition, any network platform operators with personal information of over one million users must apply for cybersecurity review before listing abroad. Relevant PRC regulatory authorities may also initiate cybersecurity review if they determine certain network products, services or data processing activities affect or may affect national security. See "Regulatory Overview – Regulations Relating to Cybersecurity, Data Security and Protection of Personal Information."

The Directors are of the view that the Company is not required to apply for cybersecurity review for the [**REDACTED**] because the [**REDACTED**] is in Hong Kong and does not fall into the scope of [**REDACTED**] abroad although we process personal information of about 14 million individuals, which exceeds the numeric threshold of one million individuals. Based on the phone consultation on April 28, 2023 with the China Cybersecurity Review Technology and Certification Center, it was advised that the Company was not required to file an application for cybersecurity review under Article 7 of the Cybersecurity Review Measures with respect to the [**REDACTED**]. As of the Latest Practicable Date, we have not received any notice from the CAC of any anticipating cybersecurity review on us under the Cybersecurity Review Measures. If we were subject to a cybersecurity review, we may incur significant costs and face challenges, both in the review process and in making enhancements to our cybersecurity measures that may be required. If we are unable to manage these risks, we may be subject to penalties, including fines, suspension of business, prohibition against new user registration (even for a short period of time) and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected. Moreover, if we are required to undergo cybersecurity review in connection with any future securities offerings, our ability to obtain additional capital may be negatively affected.

We May Incur Liability or Become Subject to Claims or Administrative Penalties for Stolen, Illegal or Unauthorized Products We Sell

We procure pre-owned consumer electronics from various recycling channels and resell them on our sales platforms. We cannot assure you that we are able to identify all unauthorized, counterfeit or illegal products, especially components and parts or accessories of the pre-owned consumer electronics, that infringe third parties' intellectual property rights given the large amount of pre-owned consumer electronics being procured. As the sophistication of counterfeiters increases, it may be increasingly difficult for us to identify counterfeit pre-owned consumer electronics and the relevant components, parts and accessories if the in-store consumers for trade-in services do not notify the sales staff. If we fail to identify any infringing pre-owned consumer electronics including components, parts or accessories, and we subsequently resell such pre-owned consumer electronics to our customers, we may be subject to infringement claims and our reputation would also be harmed. Irrespective of the validity of such claims, we could incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against us, we might be required to pay substantial damages or refrain from further selling the relevant products. Potential liabilities we may be subject to under PRC laws and regulations if we negligently participated or assisted in infringement activities associated with counterfeit products include injunctions to cease infringing activities, compensation, administrative penalties and even criminal liability. Moreover, such third-party claims or administrative penalties could result in negative publicity and our reputation could be severely damaged.

In addition, stolen products may be procured by us from individual consumers of our upstream sourcing partners' offline stores and resell by us to our customers, which could also result in negative publicity, and thus damage our reputation. Pursuant to relevant PRC laws and regulations, we, as the business operator engaging in the purchase and sale of pre-owned products, are required to record information of each pre-owned consumer electronic product sourced by us and we would be subject to administrative penalties or even criminal liability if we knowingly engage in any sale of stolen pre-owned consumer electronic product that we sourced from other parties. Third party's actions are beyond our control and we cannot guarantee you that our services will not be used as a channel by certain individuals to dispose of products they steal. Any of these events could have a material and adverse effect on our business, results of operations or financial condition.

We May Not Have Control Over the Non-compliance of Our Customers

We have a broad base of customers, and, to the best knowledge of our Directors, a majority of our customers during the Track Record Period are players in the second-hand consumer electronics market. We typically enter into general contracts with our customers, who undertake to sell the pre-owned consumer electronics we sold to them and/or dismantle spare parts, without refurbishing parts involving the logos of any consumer electronic brands, at their own risks. We do not routinely monitor the sales performance or compliance of our customers. As a result, there can be no assurance that our customers will always comply with the above undertaking in our contracts with them. Non-compliance by our customers could, among other things, negatively affect our brand and our relationships with our upstream sourcing partners, especially mainstream consumer electronic brands. This may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

We May Not Be Able to Implement Our Business Development Strategy as We Plan

Our business development plan include strengthening and expanding out geographical presence in and outside of the PRC. Please refer to "Business – Our strategies" and "Future plans and [**REDACTED**]" in this document for more details. We may not be able to effectively manage the wider scope of our operations or achieve the desired profitability from such expansion. The challenges that we may face in relation to this may include, but not limited to: (a) our failure to execute our strategies; (b) our market position and competitiveness in the industries in which we operate; (c) our Directors' experience or knowledge in the new locations and the regulatory requirements applicable to such new locations; (d) the different extent of market development and competitiveness in the cities or regions in which we plan to expand our presence in; (e) our future profitability, overall financial condition, results of operations and cash flows; (f) difficulties in, and the cost of, integrating operations, technologies, services and personnel; (g) competition with the same or similar services and solutions offered by our competitors; (h) engaging in false or falsified claims; (i) otherwise not complying with laws and regulations or our control policies, procedures and undertakings; or (j) general political, financial, social and economic conditions in China and internationally.

Any of the aforementioned factors could affect our profit margins, or extend the time required to achieve profitability which in turn impacts our business, financial condition, operating results and business prospects.

We Rely on Third-party Online Payment Service Providers to Conduct Payment Processing and Escrow Services, and If Those Services Are Limited, Restricted, Curtailed or Degraded in Any Way or Become Unavailable for Any Reason, Our Business, Results of Operations and Financial Condition May Be Materially and Adversely Affected

During the ordinary course of our offline recycling business, when an individual consumer finds our recycling quotation acceptable, our system will generate a QR code and immediately transfer the amount, together with any marketing subsidies, if applicable, directly to such individual consumer through third-party online payment service providers, mainly Alipay or WeChat Pay. On the sale side of our business, our customers also make payments to us through online transfers, such as Alipay or WeChat Pay. Hence, these third-party online payment service providers are critical to our business. We rely on the convenience and ease of use that these online payment service providers provide to us, to individual consumers in our supply channels or our customers. If the quality, utility, convenience or attractiveness of the services of these service providers decline for any reason, the attractiveness of our services could also be materially and adversely affected. In addition, certain commercial banks in China impose limits on the amounts that may be transferred by automated payment from customers' bank accounts to their linked accounts with third-party payment services. We cannot predict whether these and any additional restrictions that could be put in place would have a material adverse effect on our services and businesses.

In addition, we cannot assure you that we will be successful in entering into and maintaining amicable relationships with online payment service providers. Identifying, negotiating and maintaining relationships with these providers require significant time and resources. They could choose to terminate their relationships with us or propose terms that we cannot accept. Any disagreements or disputes with such payment service providers could adversely affect our brand and reputation as well as our business, results of operations and financial conditions.

We Rely on Reputable Third-party Logistics Service Providers to Collect and Deliver Our Pre-owned Consumer Electronics, and If Those Services Are Delayed or Restricted in Any Way or Become Unavailable for Any Reason, Our Business and Results of Operations May Be Materially and Adversely Affected

We rely on reputable third-party logistics service providers to collect pre-owned consumer electronics from our offline or online recycling channels as well as deliver from our operation and inspection centers to customers who purchased these pre-owned consumer electronics through our sales channels. Considering the number of units and total value of the pre-owned consumer electronics we procure and sell every day, reliable and timely services from third-party logistics service providers are essential to the efficient operation of our business. However, there are risks that these third-party logistic service providers may not be able to consistently provide timely and proper delivery of these pre-owned consumer electronics. Any delivery delay, loss in transportation, or improper handling of devices by our logistic service providers could adversely affect our business and results of operations.

The reimbursement process by our logistic service providers for devices that suffer price drop due to delivery delay or are lost in transit takes time and it is not guaranteed that our loss will be fully recovered from their reimbursement. In the past, we had occasionally experienced product delivery delay and product damages loss incidences and had disputes with certain logistics service providers. We may continue to experience similar incidents or disputes in the future. In addition, logistics services could also be suspended and thereby interrupt our business operation if unforeseen events that are beyond our control occur, such as inclement weather, natural disasters, health epidemics, transportation disruptions or labor unrest. If our appointed third-party logistics service providers are unable to perform the logistics services as expected and we are unable to find alternative logistics providers in a timely manner, customers may have unsatisfied experience and our business and reputation can be materially and adversely affected.

In addition, the storage and transportation costs of our logistics service providers are subject to factors beyond our control, as such, we cannot guarantee that we are able to renew service agreements with our current third-party logistic service providers in similar or better terms, failing of which may have an adverse impact on our cost structure. Further, if we have to terminate the agreements with some of our major third-party logistic service providers and are not able to find reliable alternatives to provide delivery services in a timely manner, or at all, our supplies will be severely interrupted. Our customers, on the other hand, may lodge complaints. In some extreme circumstances, our customers, may refuse to accept these pre-owned consumer electronics purchased from us and lose confidence in us and turn to our competitors. If these happen, our business, reputation, results of operations and financial condition will be materially and adversely affected.

Our Results of Operations May Be Subject to Seasonal Fluctuations

We experience a moderate level of seasonality in our business primarily as a result of the new models of mobile phones and subsequent promotional campaigns launched by the mainstream consumer electronic brands. As such, we typically experience higher transaction traffic and able to obtain more supply and record higher sales volume during the second half of the year, when there are new product launches and integrated e-commerce activities. Generally, all of the marketing activities or campaigns conducted by these mainstream consumer electronic brands and third-party e-commerce platforms may affect our business, results of operations and financial condition, which may continue in the future.

Our Own Rights to Using Some of Our Leased Properties May Be Queried By Property Owners or Other Third Parties Due to Title Defects of Such Leased Properties, and We May Consequently Have to Relocate Due to the Title Defects or Be Subject to Fines as a Result of Unfiled Leases, Which May Result in a Disruption of Our Operations and May Adversely Affect Our Business Operations and Financial Position

We lease properties mainly used as offices, technology, research and development spaces. We do not own any properties. As of the Latest Practicable Date, we leased 8 properties relating to our business operations in the PRC, with an aggregate GFA of approximately 6,370 square meters in the PRC, among which, the lessors of five properties with an aggregate GFA of approximately 38 square meters in the PRC had not provided us with the relevant title ownership certificates for the leased properties or proof of authorizations from the property owners to sublease the properties to us. As advised by our PRC Legal Advisor, without ownership certificates or proof of authorizations from the property owners, our use of these defective leased properties may be affected by third parties' claims or challenges against the lease rights. In addition, if the lessors do not have the requisite rights to lease these defective leased properties, we may be required to vacate these defective leased properties and relocate our offices, technology, research and development spaces. In this event, our operation may be impaired, and we may not be adequately indemnified by the landlords for our related losses. Also, we will incur additional costs in relocating our offices, technology, research and development spaces to other suitable locations, thus affecting our business and financial condition. Furthermore, in the event that any lessor's right to lease was challenged by any party with third-party interests, or if some of our leased properties were challenged by competent government authorities because of the inconsistency between actual usage and prescribed usage in the title documents that proves our ability to use, our occupation or lease of such properties is likely to be adversely affected.

Under PRC laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, we leased 8 properties relating to our business operations in Shenzhen, Beijing and Anji and most of our lease agreements had not been registered and filed with the relevant land and real estate administration bureaus in the PRC because the relevant lessors failed to provide necessary documents for us to register the leases with the local government authorities. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements. However, we may be subject to a fine ranging from RMB1,000 to RMB10,000 on each lease agreement that is not registered and filed within the prescribed timeframe. As of the latest Practicable Date, we were not aware of any regulatory or governmental actions or investigations being contemplated to the lease agreements which have not been registered with the government authorities. However, in the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. Please refer to "Business – Properties and Facilities" in this document.

Our Success Depends on the Continuing and Collaborative Efforts of Our Management Team, and Our Business May Be Severely Disrupted If We Lose Their Services

Our success heavily depends upon the continued services of our management. In particular, we rely on the expertise and experience of Mr. Liu Jianyi, our chairman, executive Director and general manager, Ms. Yu Hairong, our chief executive officer and executive Director, and other executive officers. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose our customers, upstream sourcing partners, know-how and key professionals and staff members. Our senior management has entered into employment agreements and confidentiality and non-competition agreements with us. However, if any dispute arises between our officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all. In addition, we do not have key-man insurance for any of our executive officers or other key personnel. Events or activities attributed to our executive officers or other key personnel, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our brand and reputation, resulting in an adverse effect on our business, operating results and financial condition.

If We Are Unable to Recruit, Train and Retain Experienced Personnel or Sufficient Workforce While Controlling Our Labor Costs, Our Business May Be Materially and Adversely Affected

We intend to hire additional experienced employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly technical, marketing and other operational personnel with experience in the pre-owned consumer electronics transaction services industry. The effective operation of our managerial and operating systems, operation and inspection centers, customer service center and other back office functions also depends on the hard work and quality performance of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. Labor costs in China have increased with China's economic development, particularly in the large cities where we have business operations. As we have a national supply and sales network we are more vulnerable to labor costs increases than that of many of our competitors, which may put us at a competitive disadvantage. If the compensation packages offered by us are not competitive in the market, we may not be able to provide sufficient incentives to or maintain stable and dedicated operational staffs and other labor support. Any failure to address these risks and uncertainties could materially and adversely affect our results of operations and financial performance. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and a rapid expansion may impair our ability to maintain our corporate culture.

We May Not Be Able to Prevent Others From Unauthorized Use of Our Intellectual Property, Which Could Harm Our Business and Competitive Position

Since our inception in 2016, we have established and developed two core corporate brands, namely, Shanhuishou (閃回收) and Shanhui Youpin (閃回有品). Shanhuishou (閃回收) is the main brand under which we carry on our offline store trade-in services and collect pre-owned consumer electronics from our upstream sourcing partners. Shanhui Youpin (閃回有品) is the main brand under which we conduct the sale of these pre-owned consumer electronics we procured to the customers on our proprietary online platform or in our own online stores on third-party e-commerce platforms.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages.

Confidentiality and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we cannot assure you that the measures we implemented are, and will be, always sufficient to effectively protect our intellectual property rights against any unauthorized use, infringement or misappropriation. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

If We Become a Party or Are Subject to Litigation, Legal Disputes, Claims, Administrative Proceedings or Other Administrative Measures, Such Involvement May Divert Our Management's Attention and Result in Costs and Liabilities

We may from time to time become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. On-going litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources. Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

For example, in 2022, Shenzhen Shanhui, one of our subsidiaries in China, was involved in a lawsuit initiated by Beijing Yiying Jiamei Technology Co., Ltd. (北京怡英嘉美科技有限公司) for breach of contract. The lawsuit derived from a contract entered into between them in 2021, according to which, Shenzhen Shanhui would provide Beijing Yiying Jiamei Technology Co., Ltd. with a quotation to bid on a batch of pre-owned consumer electronics. However, the employees of

Shenzhen Shanhui who handled the quotation failed to verify the specific models of some mobile phones in the quotation, which led to the provision of a higher quotation to Beijing Yiying Jiamei Technology Co., Ltd. See ″Business — Legal Proceedings and Compliance — Legal Proceedings″ for detailed information about the lawsuit. Shenzhen Shanhui paid RMB6 million to Beijing Yiying Jiamei Technology Co., Ltd. for breach of contract in 2023.

We will continue to provide guidance and trainings to our employees in respect of business operation, risk management, and internal control, in order to lower our chances of being involved in any litigation, legal disputes, claims, administrative proceedings or other administrative measures against us. However, we cannot assure you that such litigation, legal disputes, claims, administrative proceedings or other administrative measures against us will not occur in the future.

We May Be Subject to Intellectual Property Disputes and Infringement Claims, Which May Divert Our Management's Attention and Harm Our Reputation and Profitability

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. As of the Latest Practicable Date, we had, in aggregate, 115 software copyrights, 64 registered trademarks, nine registered domain names and 20 registered patents in China, that are related to our technologies in different aspects including design and development of recycling technologies and equipment. However, there can be no assurance that the steps we have taken to protect our intellectual property rights are adequate to prevent or deter infringement or other misappropriation of our intellectual properties. Failure to successfully enforce our intellectual property rights would diminish our level of competitiveness and harm our reputation. In addition, we may be required to incur significant costs in protecting and enforcing our intellectual property. In particular, we believe that our trademarks are vital to our brand recognition and the success of our business.

We may in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by products or services offered by us, or other aspects of our business. There could also be existing patents of which we are not aware that our products or other aspects of our business may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China, the United States or any other jurisdictions. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's attention and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question.

Moreover, we use open source software in connection with our business and services. Companies that incorporate open source software into their business and services have, from time to time, faced claims challenging the ownership of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or non-compliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, results of operations and financial condition.

We Have Limited Insurance Coverage, Which May Not Be Adequate to Cover All Risks of Losses Associate with Our Business Operation

We purchase and maintain insurance policies in accordance with the needs of our business and the requirements set forth in relevant laws and regulations. During the Track Record Period, we had maintained various government-mandated employee social security plans including pension insurance, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing provident fund plans for our employees. However, we cannot guarantee that our insurance policies will provide adequate coverage for all of the risks we face in connection with our business operations.

We do not carry any business interruption or litigation insurance policies for our operations. If we were to incur substantial liabilities that are not covered by our insurance policies or if we suffer protracted periods of disruption or interruption in our business operations, we could incur significant costs and losses that could materially and adversely affect our results of operations. In addition, due to general increases in medical costs and wages, our insurance premiums may increase in the future and we may not be able to obtain similar insurance coverage at acceptable and reasonable rates. Moreover, the occurrence of certain incidents, including earthquakes, fires, adverse weather conditions, war, floods, power outages, equipment failures, construction accidents and the consequences, damages and disruptions resulting from any of the foregoing incidents, may not be covered adequately, or at all, by our insurance policies. Any uninsured loss or liabilities may cause us to incur substantial costs and the diversion of resources, which could have a material and adverse effect on our operating results.

Failure to Pay the Social Insurance and Housing Provident Funds on Behalf of Our Employees May Subject Us to Penalties.

Companies operating in China are required to pay for their employees' social insurance (in most cases including pension insurance, unemployment insurance, medical insurance, work-related injury insurance and maternity insurance) and housing provident funds in amounts equal to a certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government at locations where they operate their business. Companies who fail to make adequate payments of social insurance and housing provident fund may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period, we were not in strict compliance with the social insurance and housing provident fund contributions requirements as prescribed by the relevant PRC laws and regulations. In particular, we did not make social insurance and housing provident fund contributions in full for our employees, the number of which was 305, 297 and 260 as of December 31, 2023, 2024 and 2025, respectively. The aggregate shortfall of social insurance and housing provident fund contributions amounted to approximately RMB5.1 million, RMB6.5 million and RMB4.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. As of the Latest Practicable Date, we had not been subject to any material administrative action or penalty imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor did we have any outstanding notice or demand from any competent authorities taking the initiative to order us to pay shortfalls for the social insurance and housing provident fund contributions. We were also not aware of any material pending complaint filed by any of our employees regarding our social insurance and housing provident fund policy. However, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall or impose late payment penalties and fines on us, thereby adversely affecting our financial condition and results of operations. Please refer to "Regulatory Overview — Regulations Relating to Employment and Social Welfare — Social Insurance and Housing Provident Fund" and "Business — Legal Proceedings and Compliance — Non-Compliance Incidents" in this document for more information.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Changes in the Economic, Political and Social Conditions in the PRC, As Well As Government Policies, Laws and Regulations, Could Affect Our Business, Results of Operations and Financial Condition

During the Track Record Period, we derive substantially all of our revenues from our operations in the PRC. Accordingly, our results of operations and prospects are, to a significant degree, subject to economic, political and legal developments in the PRC. In recent years, the PRC government has implemented measures emphasizing market forces for economic reform and the establishment of sound corporate governance in business enterprises. In addition, the PRC government continues to play a significant role in guiding, encouraging and regulating economic growth through the allocation of resources, monetary policies and tax policies, etc. While these measures may benefit China's macro economy as a whole, some of them may result in causing uncertainties to our business.

We cannot assure you that we may benefit from all, or any, of the measures, which are under adjustments from time to time. Our business, financial condition and results of operations could be materially affected by changes in political, economic and social and regulatory developments which are beyond our control.

Development of the PRC's Legal System Could Affect the Legal Protections Available to Our Shareholders

During the Track Record Period, as substantially all of our business is conducted in the PRC, our operations are governed by PRC laws and regulations. The PRC's legal system is based on written statutes. Prior court decisions may be cited for reference, but have limited precedential value. The PRC government has promulgated a comprehensive system of laws and regulations governing economic matters in general, such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, the PRC's legal system continues to evolve rapidly. We cannot predict the effect of future developments in the PRC's legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof. These matters could affect the legal protections available to us and other foreign [**REDACTED**], including you.

Furthermore, any litigation or administrative proceedings may be protracted and result in substantial costs and diversion of our resources and management attention.

Difficulties May Arise When Effecting Service of Process upon, or Enforcing Any Foreign Judgments against, Us or Our Director and Executive Officers Residing in the PRC

We are an exempted company incorporated in the Cayman Islands. Our Directors and executive officers reside within the PRC, and a vast majority of our assets and substantially all of the assets of those persons are located within the PRC. As such, [**REDACTED**] may encounter difficulties in effecting service of process upon us or those persons inside the PRC or enforcing against us or them any judgments obtained from courts in foreign jurisdictions. The PRC does not have treaties providing for the reciprocal recognition and enforcement of court judgments in civil and commercial matters with the United States, the United Kingdom, Japan or certain other countries. Therefore, recognition and enforcement in the PRC of court judgments obtained in those jurisdictions in relation to any matter not subject to binding arbitration provisions may encounter difficulties.

Payment of Dividends or Gains from the Sale or Other Disposition of Our Shares Is Subject to Taxation Under PRC Laws and Regulations

Under the EIT Law of the PRC and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Similarly, any gain realized on the transfer of Shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our shares, and any gain realized from the transfer of our Shares, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of Shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. If we or any of our subsidiaries established outside China are considered a PRC resident enterprise, there is no guarantee that the holders of our Shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to our non-PRC [**REDACTED**], or gains from the transfer of our Shares by such [**REDACTED**], are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in our Shares may decline significantly.

Payment of Dividends Is Subject to Restrictions under PRC Laws and Regulations

Under PRC laws and regulations, dividends may be paid only out of after-tax profits. In addition, we are required to set aside a certain amount of after-tax profits each year, if any, to fund certain statutory and other reserves. These reserves are not distributable as cash dividends. As a result, we may not have sufficient or any after-tax profits to enable to make dividend distributions to our Shareholders, including periods in which we are profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. In addition, if we incur debt in the future, the loan agreement may impose restrictions on our ability to pay dividends or make our payments.

Policies Regarding Foreign Currency Conversion May Affect Our Business and Results of Operations and Our Ability to Remit Dividends

We receive most of our revenue in RMB during the Track Record Period. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions and interest payments can be made in foreign currencies without prior approval from the local branch of SAFE subject to certain procedures. Foreign exchange transactions under the capital account items, including principal payments in respect of foreign currency-denominated obligations, is subject to requirements stipulated by the SAFE. We cannot guarantee that these foreign exchange policies will not be subject to change in the future.

Any shortage in the availability of foreign exchange may restrict our ability to secure sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from or registered with appropriate governmental authorities to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially affected.

In addition, as most of our revenue was denominated in RMB during the Track Record Period and dividends will be paid to our Shareholders in Hong Kong dollar, any appreciation of the Hong Kong dollar against RMB would have a negative effect on the amount available to us when converted into Hong Kong dollar, and would therefore reduce our dividend payments.

Scrutiny over Acquisitions from the Tax Authorities in Mainland China May Have a Material Impact on Our Business, Acquisition or Restructuring Strategies or the Value of Your Investment in Us

The SAT promulgated several rules and notices regarding acquisitions in recent years. On February 3, 2015, the SAT issued the Public Announcement of the State Administration of Taxation on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**SAT Bulletin 7**"), which was partially abolished by the Announcement of the State Administration of Taxation on Issues concerning the Withholding of Enterprise Income Tax at Source on Non-Resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) and the Decision of the State Administration of Taxation on Issuing the Catalogues of Tax Departmental Rules and Tax Regulatory Documents Which Are Invalidated and Repealed (《國家稅務總局關於公佈失效廢止的稅務部門規章和稅收規範性文件目錄的決定》) (the **"Circular 42"**). The SAT Bulletin 7 provided comprehensive guidelines relating to indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**").

For example, the SAT Bulletin 7 specifies that the tax authorities in mainland China are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding mainland China enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in the SAT Bulletin 7, transfers of Chinese taxable property simultaneously satisfy all the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to mainland China enterprise income tax: (i) more than 75% of the value of the overseas enterprise is directly or indirectly derived from Chinese taxable properties; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in mainland China at any time during the year prior to the indirect transfer of Chinese taxable property, or more than 90% of the income of the overseas enterprise is directly or indirectly from mainland China during the year prior to the indirect transfer of Chinese taxable property; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold Chinese taxable property and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of Chinese taxable property payable abroad is lower than the income tax in mainland China that may be imposed on the direct transfer of such PRC Taxable Assets. Although the SAT Bulletin 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in mainland China under an applicable tax treaty or arrangement), we cannot guarantee whether any exemptions under the SAT Bulletin 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of mainland China involving PRC Taxable Assets or whether such transaction will be reclassified by applying the SAT Bulletin 7. Therefore, any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of mainland China involving PRC Taxable Assets, may be subject to the foregoing regulations, which may subject our Shareholders or us to additional mainland China tax reporting obligations or tax liabilities.

Provisions of the SAT Bulletin 7, which impose mainland China tax liabilities and reporting obligations, do not apply to "a non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market" (the "**Public Market Safe Harbor**"). In general, transfers of our Shares by our Shareholders on the Stock Exchange or other public markets would not be subject to mainland China tax liabilities and reporting obligations imposed under the SAT Bulletin 7 if the transfers fall under the Public Market Safe Harbor. As stated in "Information about this Document and the [**REDACTED**]" in this document, potential investors should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our Shares.

We May Be Subject to Penalties, Including Restrictions on Our Ability to Inject Capital into Our Mainland China Subsidiaries and Our Mainland China Subsidiaries' Ability to Distribute Profits to Us, If Our Mainland China Resident Shareholders or Beneficial Owners Fail to Comply with Relevant Mainland China Foreign Exchange Regulations

The SAFE has promulgated several regulations that require mainland China residents and mainland China corporate entities to register with and obtain approval from local counterparts of the SAFE in connection with their direct or indirect offshore investment activities. The Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Roundtrip Investment Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**") was promulgated by the SAFE in July 2014 and requires mainland China residents or entities to register with SAFE or its local counterparts before the mainland China residents contributes assets or equity interests in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), which was promulgated by the SAFE in February 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with the SAFE Circular 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks. These regulations apply to our Shareholders who are mainland China residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, mainland China residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any mainland China resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the qualified bank, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any mainland China shareholder fails to make the required registration or update the previously filed registration, the mainland China subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws and regulations for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We have requested mainland China residents that to our knowledge hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. However, there can be no assurance that any possible subsequent amendment of registration can be successfully completed in a timely manner. Failure by any such Shareholders to comply with the SAFE Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in mainland China and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

We cannot assure you that the interpretation, amendment and implementation of these regulations, and any future regulation concerning offshore or cross-border transactions will not be subject to change. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency denominated borrowings, which may materially and adversely affect our results of operations and financial condition. In addition, if we decide to acquire a mainland China domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could materially and adversely affect our business and prospects.

The M&A Rules and Certain Other PRC Regulations Establish Additional Procedures for Some Acquisitions of Chinese Companies By Foreign Investors

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other established regulations and rules concerning mergers and acquisitions, as well as additional procedures and requirements, aim to provide more regulatory clarity and oversight for foreign investment. Examples include, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or time-honored brand in mainland China. The approval from the MOFCOM shall be obtained in circumstances where overseas companies established or controlled by enterprises or residents in mainland China acquire affiliated domestic companies. For details, please refer to "Regulatory Overview – Regulations Relating to M&A Rules and Overseas Listings." The M&A Rules further require that, among others, an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by companies or individuals in mainland China, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, in particular if the special purpose vehicle acquires shares of or equity interests in the companies in mainland China in exchange for shares of offshore companies. Moreover, the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) provides that the we are required to notify relevant authorities in advance of any concentration of undertaking if certain thresholds are triggered. In addition, Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns, and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns, are subject to strict review by the MOFCOM, and the rules prohibit any activities that attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Furthermore, as required by the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), promulgated by the NDRC and the MOFCOM on December 19, 2020 and effective as of January 18, 2021, investments in military, national defense-related areas or in locations in proximity to military facilities, or investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, information technology, internet products and services, financial services and technology sectors, are required to obtain approval from designated governmental authorities in advance. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, which could affect our ability to expand our business or maintain our market share. We cannot assure you that we will be able to complete such transactions in a timely manner or at all.

RISKS RELATING TO THE [REDACTED]

There Has Been No Prior Public Market for Our Shares and Their Liquidity and [REDACTED] May Be Volatile

Prior to the [**REDACTED**], there was no public market for our Shares. The [**REDACTED**] for our Shares will be determined by us and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) based on, among other things, market and economic conditions on the date the [**REDACTED**] is determined, our results of operations, market valuations of other companies engaged in similar activities, the present state of our business operations, our management, indications of interest from potential [**REDACTED**] in our Shares and other factors deemed relevant, and may differ significantly from the [**REDACTED**] of our Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of, and permission to [**REDACTED**] in, our Shares on the Stock Exchange. There is no assurance that the [**REDACTED**] will result in the development of an active and liquid public [**REDACTED**] or that such market will be sustained. If an active public market for our Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our Shares could be materially and adversely affected.

The [**REDACTED**] and [**REDACTED**] volume of our Shares may be subject to significant volatility in response to, among others, the following factors: (a) variations in our results of operations and/or financial condition; (b) changes in securities analysts' estimates of the results of operations and/or our financial condition, regardless of the accuracy of information on which their estimates are based; (c) changes in investors' perception of us and the investment environment generally; (d) loss of visibility in the markets due to lack of regular coverage of our business; (e) strategic alliances or acquisitions; (f) potential litigations or regulatory investigations; (g) loss of key personnel; (h) announcements made by us or our competitors; (i) changes in pricing adopted by us or our competitors; (j) the liquidity of the market for our Shares; and (k) general economic and other factors.

Future Sales, or Market Perception of Sales, of Substantial Amounts of Our Shares or Other Securities Relating to Our Shares in the Public Market Could Materially and Adversely Affect the Prevailing [REDACTED] of Our Shares

Future sales by our shareholders of substantial amounts of our Shares or other securities relating to our Shares in the public markets after the [**REDACTED**], or the perception that these sales may occur, could adversely affect prevailing [**REDACTED**] from time to time. Please refer to "[**REDACTED**]" in this document for a more detailed discussion of restrictions that may apply to future sales of our Shares.

After these restrictions lapse, the [**REDACTED**] of our Shares may decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. This could also materially adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

[REDACTED] Will Experience Dilution in [REDACTED] Adjusted Net Tangible Assets Because the [REDACTED] Is Higher Than Our Net Tangible Assets Per Share

Because the [**REDACTED**] of our Shares is higher than the net tangible assets per Share immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets of HK$[**REDACTED**] per Share (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the stated [**REDACTED**] range, and assuming that the [**REDACTED**] for the [**REDACTED**] is not exercised). If we issue additional Shares in the future, purchasers of our Shares may experience further dilution in their ownership percentage.

Forward-looking Information in this Document May Prove Inaccurate

This document contains certain forward-looking statements and information relating to us that are based on our management's beliefs and assumptions. The words "anticipate", "believe", "estimate", "expect", "going forward" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect our management's current views with respect to future events and are subject to certain risks, uncertainties, and assumptions, including the risk factors described herein. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated, or expected.

The Actual or Perceived Sale or Availability for Sale of Substantial Amounts of Our Shares, Especially By Our Directors, Executive Officers and Controlling Shareholders, Could Adversely Affect the [REDACTED] of Our Shares

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation of such sales, could negatively impact the [**REDACTED**] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

There Is No Assurance If and When We Will Pay Dividends in the Future

Distribution of dividends will be at the discretion of our Board and subject to Shareholders' approval. A decision to declare or pay dividends and the amount of such dividends will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. As a result, there can be no assurance whether, when and in what manner we will pay dividends in the future.

The Laws of the Cayman Islands Relating to the Protection of the Interests of Minority Shareholders May Be Different from Those in Hong Kong

Our corporate affairs are governed by the Articles of Association, the Cayman Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong. This means that the remedies available to our minority Shareholders may be different from those available under the laws of Hong Kong or other jurisdictions. A summary of the constitution of our Company and the Cayman Companies Act is set out in Appendix IV to this document.

We Cannot Guarantee the Accuracy of Certain Facts and Statistics Derived from Official Government Sources Contained in this Document

We have derived certain facts and other statistic in this document relating to the PRC, the PRC economy and the pre-owned consumer electronics transaction services industry from various official government publications or communications with various government agencies that we believe to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any of our or their respective directors and advisers or any other persons or parties involved in the [**REDACTED**], and no representation is given as to its accuracy.

You Should Read the Entire Document Carefully and We Strongly Caution You Not to Place Any Reliance on Any Information Contained in Press Articles or Other Media Regarding Us and the [REDACTED]

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the date of this document, there has been press and media coverage regarding us and the [**REDACTED**], which included certain financial information, projections, valuations, capital expenditure and other information about us and the [**REDACTED**] that do not appear in this document. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information included in or referred to by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding us or the [**REDACTED**]. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we would not accept any responsibility for it and you should not rely on any such information.

Accordingly, you are cautioned that, in making your decisions as to whether to purchase our [**REDACTED**], you should rely on the financial, operational, and other information included in this document. By applying to purchase our [**REDACTED**] in this [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than the information contained in this document.