

INDUSTRY OVERVIEW

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SOURCE OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis and prepare a report on the pre-owned consumer electronics products transaction market and mobile phone recycle market in China for the use in this Document, which was commissioned by us for a fee of RMB2,320,000. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) The social, economic and political conditions in China currently discussed will remain stable during the forecast period; (ii) Government policies on pre-owned consumer electronics products transaction market and mobile phone recycle market in China discussed will remain consistent during the forecast period; (iii) China’s pre-owned consumer electronics products transaction market and mobile phone recycle market will be driven by the factors which are stated in this report. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the F&S Report and up to the date of this document that would materially qualify, contradict or have an impact on such information.

ANALYSIS OF PRE-OWNED CONSUMER ELECTRONICS PRODUCTS TRANSACTION MARKET IN CHINA

Definition and Classification

The pre-owned consumer electronics products transaction market refers to the buying, selling, and trading of secondhand or refurbished electronic devices such as smartphones, laptops, tablets, and others, which include both the recycling and sales sides.

The pre-owned consumer electronics transaction services market operates through various business models, including C2B, B2C, C2B2C, B2B, and C2C. C2C involves direct consumer-to-consumer transactions, while C2B enables consumers to sell products to platforms/merchants first for recycling and then sold to following step merchants through B2B model or end customers through B2C model. B2C platforms/merchants sell pre-owned consumer electronics to consumers after buying the products first, while C2B2C involves platforms acting as intermediary between consumers providing services such as quality inspection and pricing assessment. In addition, B2B transactions occur between platforms/merchants often in bulk. Measured by total transaction value of pre-owned consumer electronics in China considering various business models, the market grew from approximately RMB369.8 billion in 2021 to approximately RMB851.8 billion in 2025 with a CAGR of approximately 23.2% during the period. The supply and demand in the pre-owned consumer electronics products market are closely linked, with increasing consumer interest driving higher demand, while supply is affected by product lifespan, refurbishment capacity, and market conditions, etc.

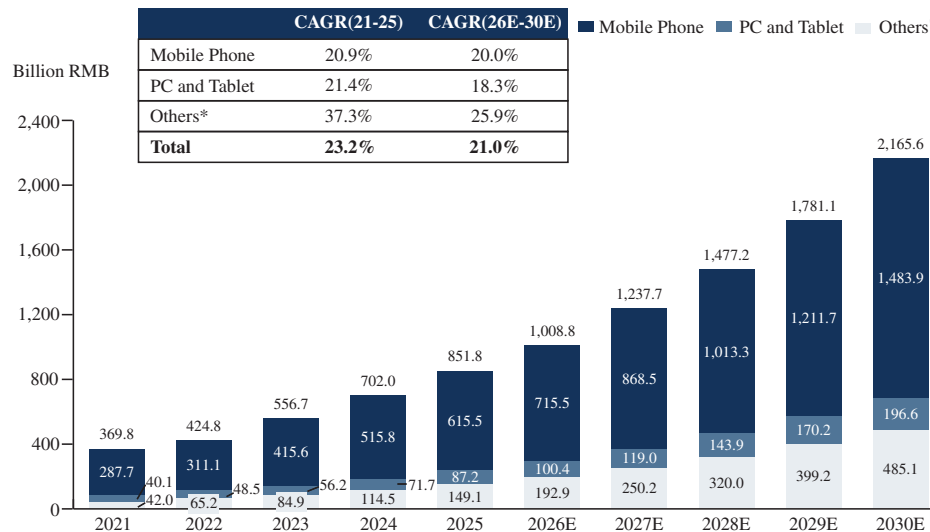
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Market Size

China’s pre-owned consumer electronics products transaction market has been developing rapidly in the past five years. From 2021 to 2025 and measured by total transaction value, which includes transaction value of consumer electronics in between consumers and consumers, consumers and merchants, and merchants and merchants, the market grew from RMB369.8 billion to RMB851.8 billion, with a CAGR of 23.2%. Among all categories, mobile phone took the majority of market share, with around 72.3% in 2025. In February 2024, the General Office of the State Council issued the Opinions on Accelerating the Construction of a Waste Recycling System (《關於加快構建廢棄物循環利用體系的意見》) which, among others, calls for the standardization of trading activities in connection with second-hand goods and encourages the development of the “internet & second-hand” business model. It also proposes to introduce regulations related to information clearance methods for consumer electronic products such as tablets and mobile phones when traded by second-hand goods trading enterprises, ensuring the security of seller information during such transactions. This initiative is significant for mobile phone recycling service providers, offering a structured framework to improve transparency, efficiency, and sustainability in the second-hand market.

In the forecast period, driven by government supports on circular economy, consumers’ demand for disposing or replacing used consumer electronics products due to technology upgrade such as the adoption and popularization of 5G network, as well as the vigorous development of offline recycling channels for pre-owned consumer electronics which provides more convenience to consumers to sell and purchase pre-owned products, the market is expected to experience further growth, reaching RMB2,165.7 billion in 2030 with a CAGR of 21.0% in the forecast period. Consumers’ increasing needs of dealing with used or idle consumer electronics products contribute to the flourishing of consumer electronics product recycling activities.

**Market Size of Pre-owned Consumer Electronics Products Transaction Market
(by Total Transaction Value⁽¹⁾), China, 2021-2030E**



Notes:

- (1) The total transaction value refers to the total transaction value of pre-owned products circulating in the market through all process, including recycling, end sales, B2B circulation, direct transactions between pre-owned products sellers and end buyers, etc.
- (2) Others include headphones, cameras, portable players and wearable electronics.

Source: Frost & Sullivan

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ANALYSIS OF MOBILE PHONE RECYCLED IN CHINA

Definition and Classification

Mobile phone recycle activities refer to the recycling of mobile phones either from individual consumers or merchant users.

The recycling of mobile phones solutions can be classified into two types, namely trade-in solution (以舊換新) and sale solution (閒置回收). Individual consumers or merchant users typically obtain the estimated pricing given by pre-owned consumer electronics service providers or merchants, and then can decide whether to proceed with trade-in or sale based on the estimated pricing and the need of new mobile phone purchase.

- For trade-in solution, individual consumers or merchant users usually recycle their pre-owned mobile phones to online pre-owned consumer electronics service providers or merchants to compensate the purchase of new mobile devices. Leading online pre-owned consumer electronics service providers usually choose to establish business partnerships with e-commerce or other online pre-owned consumer electronics service providers, consumer electronic brands, mobile phone dealers and mobile network operators to offer new devices, and customers will receive coupon or discount for purchasing new device. The trade-in solutions not only help business partners drive up new device sales, but also cultivate the loyalty of consumers and help online pre-owned consumer electronics service providers expand their sources of recycled mobile phones.
- For sale solution, individual consumers or merchant users recycle devices in exchange for cash or environmental reward points without purchasing the new one. The price is typically determined automatically by pricing system based on the data pool cumulated by online pre-owned consumer electronics service providers or determined manually, and consumers can decide whether to proceed with selling or wait for a new buyer. The recycling prices of mobile phones are determined by factors such as device condition, brand, and market demand. Trade-in solutions are typically influenced by promotional offers, while sale solutions are based on the device’s residual value. The sales price is largely market-driven, shaped by demand and competition.

Value Chain

Upstream of mobile phone recycle market refers to the sources of pre-owned mobile phones, which include individual consumers and merchant users. Individual consumers are the major source, making the supply of pre-owned mobile phones highly dispersed.

Through recycle channels, mobile phones will flow to the midstream of the market, which mainly include online pre-owned consumer electronics service providers, consumer electronic brands, mobile phone dealers inclusive of chain retailers, and mobile network operators. Recycle channels such as consumer electronic brands, mobile phone dealers and mobile network operators are also the typical channels for customers to opt trade-in solution of their pre-owned mobile phones.

Midstream of the market includes pre-owned consumer electronics service providers, recyclers and mobile phone dealers. Recyclers and mobile phone merchants refer to the entities which intend to recycle or resell the mobile phones for profits. They usually operate in the offline channel. Recycling online pre-owned consumer electronics service providers usually operate the omni-channel recycling business, which own advanced proprietary technological capabilities such as appraisal, inspection, pricing, data erasing and other value-added services.

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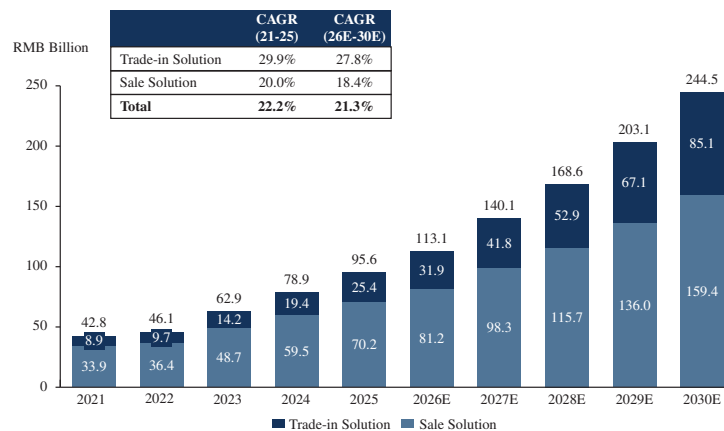
Downstream of the market includes individual consumers, merchant buyers and disassemblers. Individual consumers purchase for personal use. Merchant buyers purchase for resale and distribution, which consist of wholesalers and retailers. Among them, the wholesalers mainly purchase second-hand devices that are in lesser condition. The retailers mainly purchase devices that are in decent condition, which may have minor defects and are generally resold directly after purchase. Disassemblers deal with disposal if the recycled devices are considered to be defective or with little usage value.

Transaction Value of Mobile Phone Recycled in China

Transaction value of mobile phone recycled takes into account the transaction value of pre-owned mobile phones recycled from either individual consumers or merchant users. In terms of the transaction value of mobile phones recycled under trade-in solution, the market climbed rapidly from RMB8.9 billion in 2021 to RMB25.4 billion in 2025, representing a CAGR of approximately 29.9%, and is expected to grow further to approximately RMB85.1 billion in 2030 in China. Pre-owned mobile phones typically are in short supply in the China’s market and are estimated to maintain the status in the forecast period. There is generally no shortage of buyers of pre-owned mobile phones compared with sellers in the market, and the average inventory turnover period is approximately 10 to 15 days.

Regarding the transaction value of mobile phones recycled under sale solution, the figure increased from approximately RMB33.9 billion in 2021 to approximately RMB70.2 billion in 2025, and is expected to grow further to approximately RMB159.4 billion in 2030.

Transaction Value of Mobile Phone Recycled^{Note}, China, 2021-2030E



Note: The transaction value of mobile phone recycled only includes the transaction value of the mobile phone recycling process.

Source: Frost & Sullivan

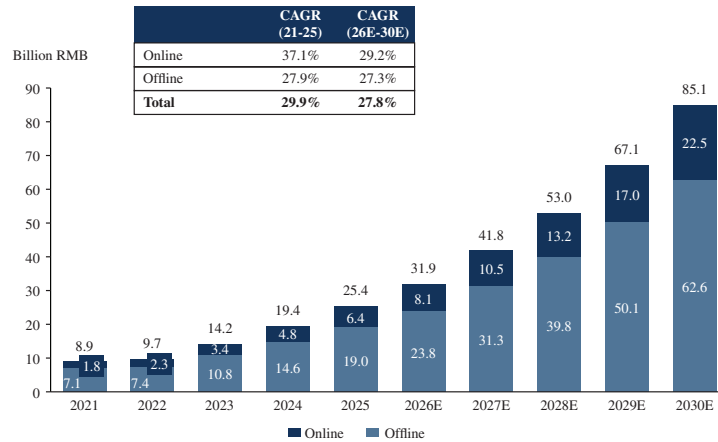
Transaction Value of Mobile Phone Recycled under Trade-in Solution

In terms of channel breakdown of transaction value, offline channel remains the major channel for mobile phone recycled under trade-in solution, taking up approximately 74.8% of the total trade-in solution market size in 2025.

The offline number increased from approximately RMB7.1 billion in 2021 to approximately RMB19.0 billion in 2025, with a CAGR of approximately 27.9%. In the future, following the trend of increasing volume of mobile phone recycled under trade-in solution through offline channel, the market is expected to maintain the upward momentum, with the figure reaching approximately RMB62.6 billion in 2030, representing a CAGR of approximately 27.3% during 2026 to 2030.

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Channel Breakdown of Transaction Value of Mobile Phone Recycled under Trade-in Solution, China, 2021-2030E

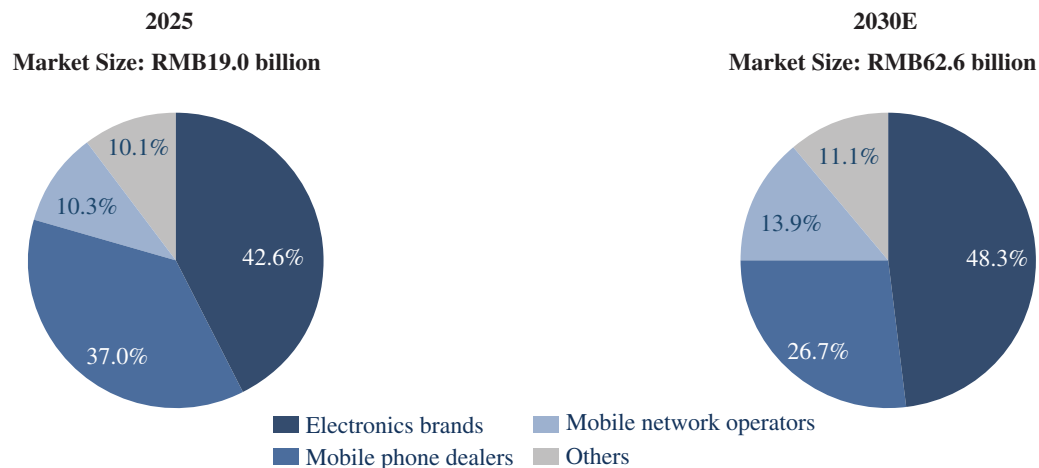


Source: Frost & Sullivan

In terms of transaction value of mobile phone recycled through offline trade-in solutions, consumer electronic brands and mobile phone dealers inclusive of chain retailers are the main channels in 2025, accounting for around 42.6% and 37.0% respectively. Other channel inclusive of those offline counters or stores operated by pre-owned consumer electronics service providers, takes up around 10.3% of the total market.

Considering the rapid development of consumer electronic brands channel, mobile network operators and offline counters or stores operated by pre-owned consumer electronics service providers, in 2030, market share of consumer electronic brands, mobile phone dealers, mobile network operators and others are expected to be around 48.3%, 26.7%, 13.9% and 11.1%, respectively. Mobile network operators are cooperating with pre-owned consumer electronics service providers and mobile phone dealers to offer trade-in solutions and therefore its market share is expected to increase further in the forecast period.

Channel Breakdown of Transaction Value of Mobile Phone Recycled under Offline Trade-in Solution, China, 2025&2030E



Source: Frost & Sullivan

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Entry Barriers

Recycle Channel Barrier

The leading mobile phone recycling service providers have established omni-channel recycle network with rich sources of supply and large user base. In the offline channel, existing recycling service providers choose to jointly operate offline stores with consumer electronic brands providing trade-in services for customers, which can not only help those business partners to accelerate sales and marketing of their new devices, but also help recycling service providers expand their sources of supply. In the online channel, service providers choose to establish business partnerships with e-commerce service providers to leverage their online traffic to access potential customers. However, it is difficult for new entrants to establish recycle business in various channels, and obtain sustainable sources of supply.

Fulfillment and Service Barrier

Due to high price characteristics of pre-owned mobile devices, customers become more price sensitive and concerned about the authenticity of the electronics. Existing mobile phone recycling service providers usually provide value-added services including appraisal, inspection, pricing, data erasing and other services. They have established mature evaluation metrics to create objective evaluation reports for users. Mature and outstanding after-sales service systems could solve potential concerns of customers, which can help service providers further build their brand equity in the market. For the new entrants, it would be difficult to establish the comprehensive service systems in the short term.

Market Drivers

Large Supplying of New Consumer Electronics Products

Both demand and supply of second-hand mobile phones will drive the development of mobile phone recycling service providers. With the largest population base in the world, China has large demand for new consumer electronics products, creating potential supply of secondhand goods available for resale. The consumer electronics products brands launch products with different consumer needs 1-2 times a year. Also, the consumption power of consumers will increase due to the continuous development of economy, and consumers tend to change their electronic devices more often, which has supported the supply of pre-owned consumer electronics goods. The demand and supply of consumer electronics are fundamental to recycling service providers. Without sufficient supply, the needs of end users cannot be met, and the growth of mobile phone recycling service providers will be difficult to sustain. The release of new mobile phones drives the development of mobile phone recycle market by encouraging consumers to trade-in or sell previous devices, enhancing the supply of mobile phone recycle market.

Improving Consumer Electronics Products Recycling Services

As the pre-owned consumer electronics products transaction market becomes more mature, players in the industry are striving to provide users with transparent, diversified and comprehensive value-added services. The communication channel between buyers and sellers is more convenient and direct. Leading recycling service providers are investing heavily to establish their operation centers equipped with proprietary technologies such as big data and artificial intelligence to facilitate the process of appraisal. When pre-owned consumer electronics products are recycled, the devices can be thoroughly tested and appraised for quality assurance purposes. During the purchasing process, players in the industry are providing value-added services such as price protection, product warranty, and personal after-sales customer service to attract consumers. Specifically, recycling service providers can provide consumers with a guaranteed price service which will not be affected by market price fluctuations within a certain period of time after consumers submit the order (about 10 days). Additionally, recycling service providers can provide

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pre-owned electronic products with 7 days no-reason return service and one-year warranty service. At the same time, players in the mobile phone recycling industry will also benefit from the gradual maturity of the market, which can then lead to increasing sales volume and revenue.

Challenges and Threats

Longer Consumer Habits Formation Period

The prolonged consumer habits formation period presents a potential challenge to the mobile phone recycle market. It may take longer for consumers than expected to engage in the buying and selling of pre-owned mobile phones, resulting in a reduced turnover of devices for recycling. Efforts to address this challenge can focus on enhancing consumer awareness and participation in recycling initiatives.

Lack of Unified Recycling Standards

Currently, the mobile phone recycling industry in China lacks unified recycling standards. Different recycling companies use their own standards, which not only affects the overall efficiency of the industry but also may cause confusion and inconvenience for consumers. It is anticipated that the industry will see more standardized regulations in the future, promoting uniformity and ensuring proper operations. This will enhance transparency, improve product quality, and bolster environmental sustainability efforts.

Development Trend

Development of Recycling Service Providers

From 2021 to 2025, the majority of pre-owned mobile phones were recycled by merchants in Mainland China in the offline channel, while increasing market share of mobile phones recycled by service providers companies is expected to become the main market development trend in the forecast periods due to the rapid developments of Internet Infrastructure and continuous expansion of online internet users. Existing recycling service providers are leveraging e-commerce channels to access potential customers, and guide customers either to their offline stores or online portals ranging from WeChat or Alipay mini program to online mobile app. Recycling service providers value-added services including appraisal, inspection, pricing, and data erasing, which makes recycling service providers more favorable to both suppliers and consumers in the mobile phone recycle market. The emergence of online pre-owned consumer electronics recycling service providers primarily affects the sales solution, while the trade-in solution, mainly conducted through offline channels, is less affected.

In-depth Cooperation with New Mobile Phone Suppliers

The leading mobile phone recycling service providers will choose to cooperate with renown consumer electronic brands such as Samsung and Xiaomi, which establishes the mutually beneficial business model for each party. For example, under trade-in solution, recycling service providers offer customers new devices, and service providers will receive subsidies from consumer electronic brands for every trade-in transaction happened. Trade-in not only helps those business partners to accelerate sales and marketing of their new devices, but also help recycling service providers expand their sources of supply leveraging the huge customer base of those consumer electronic brands.

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COMPETITIVE LANDSCAPE OF MOBILE PHONE RECYCLE MARKET IN CHINA

Market participants of mobile phone recycle market in Mainland China can be categorised into three types based on product categories and channels, namely vertical mobile phone recycling service providers, comprehensive resale service providers, and merchants. The market concentration of China’s mobile phone recycling industry is relatively low, with about hundreds of vertical mobile phone recycling service providers and comprehensive resale service providers in the market. The number of merchants is even higher as they are more dispersed. Due to the large number of players, the market share of each player is relatively small. The fragmented market structure leads to fierce competition, and players need to strive for market share through obtaining competitive advantages.

With the rapid development of mobile phone recycling service providers in China, they are continuously improving the transaction speed of pre-owned mobile phones by facilitating trade-in and sale services, which further empower market participants and standardize the mobile phone recycle ecosystem in Mainland China.

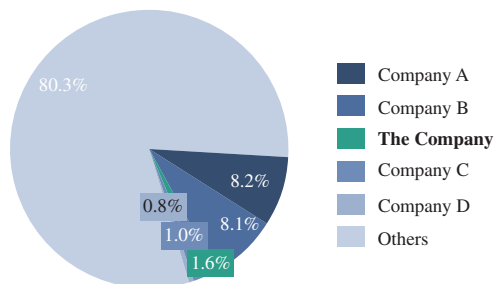
Mobile Phone Recycling Service Providers Ranking in China, 2025

In 2025, the top five market players contributed 19.7% market shares of China’s mobile phone recycle market in terms of total transaction value of mobile phones.

Our Company is the third largest mobile phone recycling service providers in terms of total transaction value of mobile phones in 2025, with a transaction value of RMB1.5 billion, accounting for 1.6% of the market.

Top 5 Mobile Phone Recycling Service Providers (by transaction value of pre-owned mobile phones recycled⁽¹⁾), China, 2025

Total Transaction Value: RMB95.6 Billion



Rank	Company	Total Transaction Value (RMB Billion)	Market Share
1	Company A	7.8	8.2%
2	Company B	7.7	8.1%
3	The Company	1.5	1.6%
4	Company C	1.0	1.0%
5	Company D	0.8	0.8%
	Others	76.8	80.3%
	Total	95.6	100%

Notes:

- (1) Transaction value of pre-owned mobile phones recycled refers to the total transaction value of mobile phones recycled from consumer side.
- (2) Company A, established in 2015, is a company headquartered in Beijing, and the second-hand trading categories such as cell phones, 3C digital, books, clothing, shoes and hats, furniture and home appliances, etc.
- (3) Company B, established in 2011, is a company listed on the New York Stock Exchange and headquartered in Shanghai, and focus on cell phones, laptops and other electronic digital products recycling businesses and trade-in service providers.
- (4) Company C, established in 2014, is a company headquartered in Shenzhen, and which is an enterprise with the core of trading using mobile digital products.
- (5) Company D, established in 2020, is a company headquartered in Shenzhen, and the core business is the recycling, disposal and sale of second-hand 3C products.

Source: Frost & Sullivan

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In 2025, the Company was the third largest mobile phone recycling service provider in terms of the sales value of mobile phones recycled from consumers, accounting for 1.5% of the market.

Top 5 Mobile Phone Recycling Service Providers (by transaction value of pre-owned mobile phones sold⁽¹⁾), China, 2025

Rank	Company	Sales Value (RMB Billion)	Market Share ⁽²⁾
1	Company A	9.9	8.6%
2	Company B	9.6	8.4%
3	The Company	1.7	1.5%
4	Company C	1.2	1.0%
5	Company D	0.9	0.8%

Notes:

- (1) Transaction value of pre-owned mobile phones sold refers to the sales value of mobile phones recycled from consumer side.
- (2) Market share refers to the sales value of mobile phone recycling service providers divided by sales value of mobile phone recycle market from end-consumer side. The numerator value of different players can cover 2B and 2C channels partially with various price markup rates and sales price. While the denominator value is all based on end user sales price, which has larger scope compared with the numerator.
- (3) Company A, established in 2015, is a company headquartered in Beijing, and the second-hand trading categories such as cell phones, 3C digital, books, clothing, shoes and hats, furniture and home appliances, etc.
- (4) Company B, established in 2011, is a company listed on the New York Stock Exchange and headquartered in Shanghai, and focus on cell phones, laptops and other electronic digital products recycling businesses and trade-in service providers.
- (5) Company C, established in 2014, is a company headquartered in Shenzhen, and which is an enterprise with the core of trading using mobile digital products.
- (6) Company D, established in 2020, is a company headquartered in Shenzhen, and the core business is the recycling, disposal and sale of second-hand 3C products.

Source: Frost & Sullivan

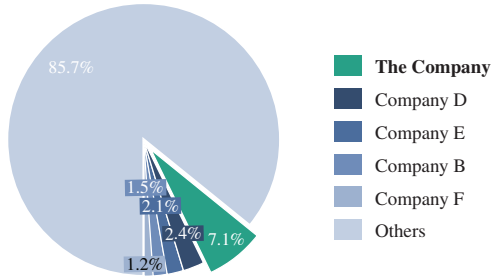
In 2025, the top five market players contributed 14.3% market shares of China’s offline trade-in mobile phone recycle market in terms of total transaction value of mobile phones.

Our Company has established business partnerships with consumer electronic brands, merchants inclusive of chain retailers and mobile network operators to offer trade-in service to customers in the offline channel. Our Company is the largest offline trade-in mobile phone recycling service providers in terms of total transaction value of mobile phones in 2025, with an offline trade-in transaction value of RMB1.3 billion, accounting for 7.1% of the market.

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Top 5 Mobile Phone Recycling Service Providers (by transaction value of pre-owned mobile phones procured offline through trade-in solution⁽¹⁾), China, 2025

Total Transaction Value: RMB19.0 Billion



Rank	Company	Offline Trade-in Transaction Value (RMB Billion)	Market Share
1	The Company	1.3	7.1%
2	Company D	0.4	2.4%
3	Company E	0.4	2.1%
4	Company B	0.3	1.5%
5	Company F	0.2	1.2%
	Others	16.3	85.7%
	Total	19.0	100.0%

Notes:

- (1) Transaction value of pre-owned mobile phones procured offline through trade-in solution refers to the total transaction value of mobile phones recycled from consumer side through offline channel under trade-in solution.
- (2) Company B, established in 2011, is a company listed on the New York Stock Exchange and headquartered in Shanghai, and focus on cell phones, laptops and other electronic digital products recycling businesses and trade-in service providers.
- (3) Company D, established in 2020, is a company headquartered in Shenzhen, and the core business is the recycling, disposal and sale of second-hand 3C products.
- (4) Company E, established in 2013, is a company headquartered in Guangzhou, and which is a one-stop cell phone recycling service platform with patented technology and brand.
- (5) Company F, established in 2015, is a company headquartered in Beijing, and support second-hand recycling, repair and trade-in of cell phones, tablets, computers and home appliances.

Source: Frost & Sullivan