OVERVIEW

We are a PRC consumer electronics recycling service provider, specializing in high-efficiency trade-in solution with a primary focus on pre-owned mobile phones. According to Frost & Sullivan, we were the third largest mobile phone recycling service provider in the PRC, both in terms of the total transaction value of pre-owned mobile phones recycled and the total transaction value of pre-owned mobile phone sold in 2025.

Since our inception in 2016, we have spent years developing and refining a digital infrastructure that streamlines trade-in recycling transactions and promotes circular economy through the large-scale reuse of pre-owned consumer electronics. Empowered by our proprietary BOSS System which encompasses our Shanhuishou (閃回收) recycling system and Shanhui Youpin (閃回有品) online sales platform, we are capable of simultaneously executing transactions of recycling and resale of pre-owned consumer electronics within minutes, ensuring high operational efficiency and inventory turnover.

During the Track Record Period, we provided trade-in recycling services to more than 77,000 offline stores of our upstream sourcing partners across 31 provinces on a cumulative basis, collectively procuring over 4.3 million units of pre-owned consumer electronics. Our upstream souring partners are key stakeholders of the PRC consumer electronics industry, which include mainstream consumer electronic brands such as Xiaomi, Samsung, Huawei, Honor and Vivo and their designated distributors, large-scale retailers for consumer electronic products, and major PRC mobile network operators and their designatted distributors. Following recycling, we drive the reuse of electronics by extending the lifecycle of our procured pre-owned consumer electronics through resale across our various sales channels.

We achieved sustainable growth during the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, the total procurement value of pre-owned consumer electronics were approximately RMB977 million, RMB1,111 million and RMB1,540.3 million respectively, while our revenue derived from the sales of such procured pre-owned consumer electronics amounted to approximately RMB1,140.3 million, RMB1,278 million and RMB1,747.9 million for the same periods, respectively.

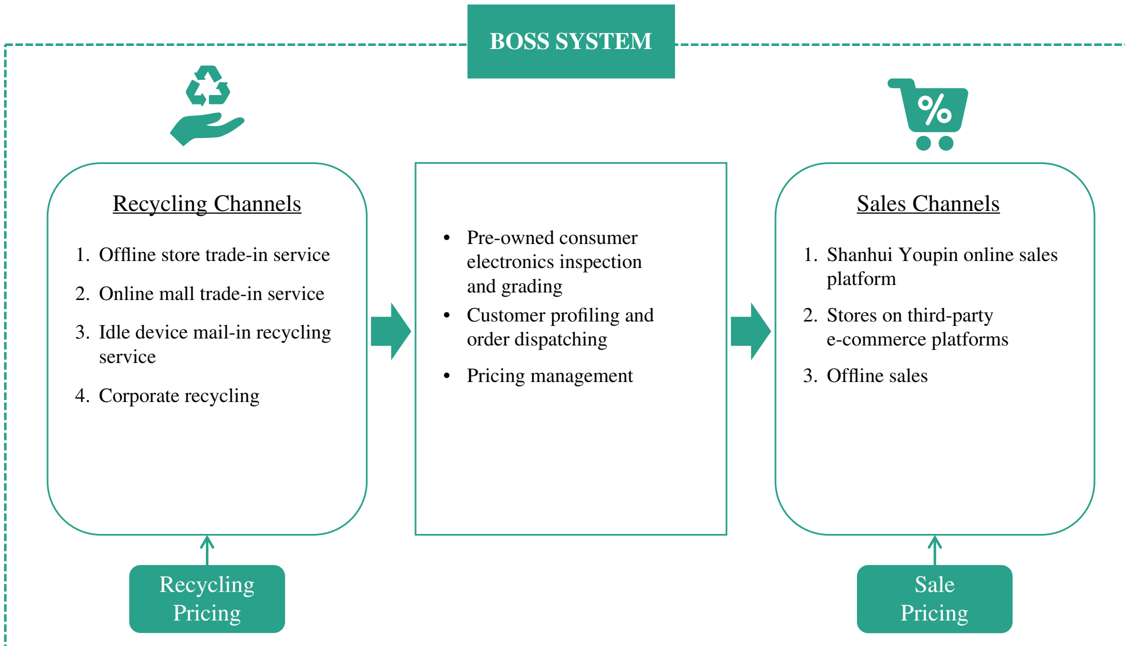
Our Market Opportunities

According to Frost & Sullivan, offline store trade-in solution continues to dominate the pre-owned mobile phone trade-in recycling market, taking up approximately 74.8% of the total trade-in solution market size in 2025. The total transaction value of pre-owned mobile phone recycled under offline store trade-in solutions increased from approximately RMB7.1 billion in 2021 to approximately RMB19.0 billion in 2025, with a CAGR of approximately 27.9%. Considering the increasing consciousness of environmental protection and government's supports on circular economy, the pre-owned mobile phone recycling market is expected to maintain an upward momentum, with the total transaction value reaching approximately RMB62.6 billion in 2030, representing a CAGR of approximately 27.3% from 2026 to 2030. Furthermore, given the ESG requirements imposed on Chinese companies by the PRC government and the national goal of achieving carbon neutrality, electronic manufacturers and mobile network operators are building and developing their trade-in recycling framework in order to comply with relevant regulations.

These favorable industry trends present us with significant growth opportunities. Leveraging our strong market position, brand recognition and technological capabilities, we are well positioned to capture the continued expansion of the pre-owned consumer electronics recycling industry and further grow our market share. Please refer to "Industry Overview" in this document for more details.

OUR BUSINESS MODEL

The following chart illustrates our business model:



During the Track Record Period, we develop diversified recycling channels focusing on consumers' trade-in scenarios. We source supplies of pre-owned consumer electronics through our offline store trade-in services, online mall trade-in services, idle device mail-in recycling services and offline corporate recycling services, leveraging our proprietary Shanhuishou (閃回收) recycling system with inspection, grading and pricing capabilities. Pre-owned consumer electronics procured by us are then sold through our Shanhui Youpin (閃回有品) online sales platform, our own online stores on third-party e-commerce platforms and offline sales. The entire process is managed and empowered by our BOSS System, enabling a standardized, closed-loop operation.

Recycling of Pre-owned Consumer Electronics

We conduct recycling of pre-owned consumer electronics primarily via our Shanhuishou (閃回收) recycling system. Our recycling channels of pre-owned consumer electronics include (i) individual consumers from store locations of our upstream sourcing partners by way of offline store trade-in services; (ii) individual consumers from the online malls of our upstream sourcing partners by way of online mall trade-in services; (iii) individual consumers by way of idle device mail-in recycling services; and (iv) corporate recycling.

During the Track Record Period, majority of our recycling of pre-owned consumer electronics were conducted by way of offline store trade-in services at the store locations of our upstream sourcing partners. For the years ended December 31, 2023, 2024 and 2025, the total procurement value of pre-owned consumer electronics we sourced by way of offline store trade-in services were approximately RMB818.4 million, RMB1,015.6 million and RMB1,331.4 million, respectively, representing approximately 83.8%, 91.4% and 86.4% of the total procurement value of pre-owned consumer electronics we sourced through our entire recycling channels for the same periods, respectively. Upstream sourcing partners can utilize our Shanhuishou (閃回收) recycling system at their store locations under two scenarios: (i) directly access to our recycling system interface to perform the trade-in recycling services; or (ii) through the internal centralized recycling management platforms implemented by certain mainstream consumer electronic brands, into which our Shanhuishou (閃回收) recycling system is deeply embedded. Each offline trade-in recycling transaction typically concludes within minutes upon our remote inspection, grading and pricing procedures. We will arrange immediate payment to individual consumer if our trade-in recycling price is acceptable. The pre-owned consumer electronics procured would be collected by the third-party logistics service providers from the store locations of our upstream sourcing partners and delivered either to our customers directly after the data erasing at the point-of-sale, or to our operation and inspection centers for additional inspection and cleanups before resale.

Resale of Pre-owned Consumer Electronics

We sell our procured pre-owned consumer electronics primarily through our Shanhui Youpin (閃回有品) online sales platform. Apart from it, our sales channels also include our own online stores on third-party e-commerce platforms and offline sale. Our customers include (i) merchant customers who conduct business in the second-hand electronics market and sell the pre-owned consumer electronics procured to their own customers, and (ii) individual customers who purchase pre-owned consumer electronics for their own use.

During the Track Record Period, majority of our procured pre-owned consumer electronics were sold through the real-time open bidding module on our Shanhui Youpin (閃回有品) online sales platform. Our revenue generated from sales through real-time open bidding module was approximately 42.7%, 80.6% and 75.2% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Each real-time open bidding session typically concludes within five minutes. This module is seamlessly synchronized with our offline store trade-in recycling transactions, allowing customers to place concurrent bids. The pre-owned consumer electronic device is awarded to the successful bidder offering the highest price during the session. By leveraging our proprietary inspection, grading and pricing algorithms and historical transaction data within the BOSS System, we are able to quickly value and dispatch our procured pre-owned consumer electronics to the appropriate customer profiles. For the years ended December 31, 2023, 2024 and 2025, our average inventory turnover days were approximately 8.9, 9.4 and 6.4 days, respectively.

COMPETITIVE STRENGTHS

We believe that our success and potential in the pre-owned consumer electronics recycling service industry are underpinned by the following competitive strengths:

The Third Largest Mobile Phone Recycling Service Provider in China with Well-established Brands Shanhuishou (閃回收) and Shanhui Youpin (閃回有品)

Our success within China's pre-owned consumer electronics recycling service industry and our significant growth in scale are primarily attributable to the trust and reputation that we have established among our upstream sourcing partners and individual consumers — a position anchored by our core corporate brand, Shanhuishou (閃回收).

Our Shanhuishou (閃回收) brand is widely recognized by key industry stakeholders. As of December 31, 2025, we maintained strategic alliances with seven mainstream consumer electronic brands and their designated authorized distributors, three major mobile network operators and their designated distributors, and various large-scale retailers in the PRC. At the same time, Shanhuishou (閃回收) has also become a preferred choice for individual consumers to trade-in or sell their pre-owned consumer electronics. During the Track Record Period, the aggregate number of pre-owned consumer electronics recycled through our Shanhuishou (閃回收) recycling system exceeded 5.9 million units.

On the other hand, our resale operations conducted via our sales platforms under the brand of Shanhui Youpin (閃回有品) have also established a reputation as a trustworthy option within the second-hand electronics market. By utilizing our proprietary BOSS System, we are capable of remotely inspecting, grading and pricing a broad spectrum of pre-owned consumer electronics within minutes. This technological framework facilitates the seamless execution of sales transactions on our Shanhui Youpin (閃回有品) online sales platform, empowering our customers to acquire pre-owned consumer electronic devices matching their specific requirements.

Strategic Collaborations with Our Upstream Sourcing Partners and Extensive Nationwide Sourcing Network

We benefit from strategic collaborative relationships with mainstream consumer electronics brands, sizable retailers, and major mobile network operators in the PRC. These partnerships create significant operational synergies. By integrating our Shanhuishou (閃回收) recycling system directly into our upstream sourcing partners' offline channels, we are able to provide integrated trade-in services rapidly and efficiently, and simultaneously, serve as a critical value proposition for our upstream sourcing partners to provide strong incentives for their customers to purchase new models of consumer electronics at the point of sale. This strategic positioning within the upstream industrial chain ensures that we have consistent access to stable and quality supply of pre-owned consumer electronics from reliable channels.

We have cultivated a wide and diversified sourcing network, which strengthens our supply chain and market positioning. Leveraging an asset-light business model and the seamless integration of our Shanhuishou (閃回收) recycling system, we are able to expand our recycling services to more than 77,000 store locations of our upstream sourcing partners across 31 provinces in the PRC on a cumulative basis during the Track Record Period. Our strategic upstream partnerships and extensive nationwide sourcing network have also strengthened our brand recognition and instilled transactional confidence, creating a sustainable competitive advantage and a barrier to entry for competitors.

Proprietary Operational Support System with Integrated Applications of AI-driven Technologies Empowering Our Operational Efficiency

Innovation and technology are at the core of our Group and permeate every aspect of our business operations. We have digitalized the pre-owned consumer electronics recycling services and leverage technology in most things that we do. As of the Latest Practicable Date, we had 20 registered patents that are related to our design and development on recycling technologies and equipment, and our proprietary inspection, grading and pricing capabilities are particularly recognized and trusted by our business partners and individual consumers.

Our BOSS System, comprising our Shanhuishou (閃回收) recycling system and Shanhui Youpin (閃回有品) online sales platform, is the foundation of our digital infrastructure and offers a standardized industrial solution. It facilitates our end-to-end, closed-loop business operations — encompassing recycling, inspection, grading and pricing for both procurement and resales, as well as customer management, inventory and logistics management, and nationwide procurement and sales channel coordination. This comprehensive digital infrastructure significantly enhances our operational efficiency and serves as the primary engine for our day-to-day operation and steady growth. Through these proprietary systems embedded with AI capabilities, we are capable of simultaneously executing the transactions of recycling and resale within minutes.

Given that pre-owned consumer electronics are non-standardized items, maintaining consistency and accuracy in quality inspection, grading and pricing has historically presented a critical challenge within the industry. To address this, we initiated AI-based order view and developed a proprietary AI-powered pricing model within our BOSS System leveraging our extensive datasets comprising thousands of mobile phone models and millions of transactions. With such technological capabilities, we are able to significantly reduce our errors associated with traditional human inspection and improve our pricing accuracy and reviewing time. Furthermore, by utilizing historical transaction data stored within our BOSS System, we develop comprehensive insights into customer purchasing power and preferences across various mobile phone models and conditions. Accordingly, we are able to efficiently and precisely dispatch our procured pre-owned consumer electronics tailored to compatible customer profile.

Experienced Management Team with Profound Industry Background and Insight

We are led by our chairman and executive Director, Mr. Liu Jianyi and chief executive officer and executive Director, Ms. Yu Hairong, who together established our business in 2016. Mr. Liu and Ms. Yu, along with Mr. He Xiaomin, our chief production officer, and Mr. Lin Lexin, our chief technology officer, have proactively addressed the industry-wide challenges to achieve our continued growth and success.

We have a knowledgeable and innovative management team with deep backgrounds in the consumer electronics industry and extensive experience in the pre-owned consumer electronics recycling business in China. Our core management team members have an average of over 15 years of relevant industry experience, possessing a broad range of industry and technical expertise, with a keen focus on the latest development of the recycling industry, capable of taking advantage of market opportunities, formulating business strategies, assessing and managing risks, and increasing our overall returns to maximize our Shareholders' value. In particular, Mr. Liu Jianyi started his career in the field of telecommunication-related industry over two decades ago, and served as the manager and the director of various companies where he was in charge of the day-to-day operations and the business management of our Group and accumulated extensive experience in the trading and marketing of telecommunication and digital products. With years of accumulated experience in the industry, we possess extensive operating and management expertise through a team of technical development and service professionals.

Our experienced senior management team has played a key role in leading the operation and development strategies of our Group and provided us with deep industry and operational knowledge, which will continue to be the key to our success in future.

OUR STRATEGIES

We aim to further grow our business in consumer electronics recycling service industry as well as increase our overall sales of pre-owned consumer electronics in the PRC. To accomplish this, we will continue to leverage the strengths and capabilities of our ecosystem to achieve organic growth, and also actively look for new opportunities to expand our service offerings, and recycling and sales channels to achieve business growth and improve profit margin by the following strategies:

Further Enhance Our Strategic Cooperations with Upstream Sourcing Partners to Continuously Strengthen Our Current Position in the PRC Consumer Electronics Recycling Service Industry

Continuously expanding our strategic cooperations with upstream sourcing partners remains a key focus for future growth. During the Track Record Period, we had remained steadfast in extending our recycling service coverage to offline stores of our upstream sourcing partners, especially the mainstream consumer electronic brands and their designated distributors. According to Frost & Sullivan, as of the Latest Practicable Date, the aggregate number of branded stores of our key upstream sourcing partners exceeded one million in the PRC. As such, there will be a tremendous market to expand our trade-in recycling business.

We will continue to allocate resources toward deepening our presence within the offline channels of our upstream sourcing partners. We will actively promote our integrated offline store trade-in services to both existing and potential upstream sourcing partners. We implement a phased, priority-based expansion approach that we first deploy our services in flagship stores and high-traffic experience centers of leading consumer electronic brands, then roll out to their designated distributor networks, and finally penetrate into county-level and township markets. We provide our upstream sourcing partners with comprehensive end-to-end support, including advanced pricing systems, standardized privacy data erasure tools, on-site training of remote inspection and real-time settlement. To ensure high levels of engagement, we will maintain a systematic field presence by conducting periodic site visits and engaging in ongoing strategic dialogue regarding collaborative initiatives. A primary focus will also be the reactivation of underperforming locations—specifically offline stores that established initial partnerships with us but remained dormant during the Track Record Period—to maximize our overall procurement throughput. We will also continue to promote our pre-owned consumer electronics recycling services across our other recycling channels. We plan to deepen our strategic collaborations with consumer electronic brands and leading e-commerce platforms to increase our online mall trade-in services. We will also further develop our offline store trade-in recycling service capability in Hong Kong to support the business development of various mainstream consumer electronic brands.

Continue to Increase Our Brand Profile, Strengthen Business Relationships with Our Customers, and Explore New Sales Channels to Increase Revenue and Profit Margin

We intend to further invest in our promotional and marketing efforts to increase the public awareness of our core corporate brands, Shanhuihou (閃回收) and Shanhui Youpin (閃回有品) to improve our market position. We plan to increase our budget on placement of both online and offline marketing and advertisement to enhance our profile and promote our pre-owned consumer electronics recycling and resale services in various second-hand electronics markets.

We also intend to strengthen our business relationships with existing major merchant customers and explore new cooperative relationships with potential customers. We plan to strengthen the marketing and promotion efforts to improve our influence and provide more comprehensive and timely after-sale services to our key customers. Our sales personnel will continue to collect market information and analyze the marketing activities of our competitors, implement business plans to promote our Shanhui Youpin (閃回有品) online sales platform, and explore and develop new regional merchant customers with large operational scale to eventually increase our sales on Shanhui Youpin (閃回有品) online sales platform.

We believe that the expansion of sales channels will create new growth opportunities. During the Track Record Period, we had various test-runs on China's leading live-streaming platforms focusing on the sales of pre-owned mobile phones of premium models and conditions. We plan to further tap into this market by spending extra budget on marketing our Shanhui Youpin (閃回有品) brand and increasing web traffic to accurately target potential individual customers and boost the number of active buyers on these live-streaming platforms. We will also continue to explore conducting sales of pre-owned mobile phones through publishing promotional contents and video clips on live-streaming platforms targeted at different end users. Further, we plan to deepen our cooperation with various third-party e-commerce platforms and set up more of our own online stores on these platforms to be focused on selling mid-to-high-end pre-owned mobile phones.

Further Increase Our Research and Development Efforts, and Continue to Upgrade our Infrastructure to Empower Our Business Offerings and Operational Efficiency

Our proprietary BOSS System, Shanhuihou (閃回收) recycling system and Shanhui Youpin (閃回有品) online sales platform are our key competitive advantage and crucial to provide more efficient and quality services. We aim to further increase our research and development efforts into upgrading our proprietary systems to continously empower our business offerings and operational efficiency. In doing so, we plan to continue to upgrade our inspection, grading and pricing algorithm and functionalities with more AI capabilities of our Shanhuishou (閃回收) recycling system. We will also upgrade the functionalities of our BOSS System, including but not limited to, inventory management, customer management, and logistic system, to support our Group's digital management and improve our overall operational efficiency.

We also intend to upgrade our two existing operation and inspection centers to establish repair and maintenance capabilities. To support this infrastructure upgrade, we will pursue the status of authorized provider of repair and maintenance services for mainstream consumer electronic brands. We will also invest in specialized machinery and equipment, including but not limited to, screen removal machines, polishing machines, multi-meter smart shelves and automatic packing machines. This new technical capability will help to enhance our value-added business offerings, strengthen our strategic collaborations among upstream sourcing partners, and drive sustainable margin expansion.

Expand Business Operation through Investment

We believe that by leveraging our industrial experience and brand recognition, we will be able to further expand where the market conditions, demand and growth potential for pre-owned consumer electronics are favorable. When opportunities arise, we will expand our business operation through strategic investment and/or acquisitions in businesses which offer products and/or services that are supplemental to those which we currently offer and match our growth strategies.

We will maintain a disciplined approach to investment and will consider various selection criteria with the aim to creating synergies between the target and the rest of our Group. Before making any new investment, we will take into account factors such as, operating history, reputation, products and services, and the competitive landscape of the target company and its core management team. Examples of such suitable target may include locally reputable business partners that offer different consumer electronic products or consumer electronics trade-in-and-resale services supplemental to those which we currently offer. As of the Latest Practicable Date, we had not identified any specific targets, formed any specific investment plans or entered into any agreements with potential targets.

OUR BRANDS

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 recycling business and procure pre-owned consumer electronics from our procurement channels. Shanhui Youpin (閃回有品) is the main brand under which we conduct sales of procured pre-owned consumer electronics to customers via our sales platforms.

We launched Shanhuishou (閃回收) in 2017 and won recognition among various mainstream consumer electronic brands and individual consumers. Given the success of Shanhuishou (閃回收) and our proven ability to obtain stable and quality supply of pre-owned consumer electronics, we launched the brand of Shanhui Youpin (閃回有品) to further strengthen our corporate image and sales operation in 2021.

OUR RECYCLING SERVICES

We conduct both offline and online recycling services of pre-owned consumer electronics, with a primary focus on providing offline store trade-in services. During the Track Record Period, our recycling services primarily include (i) offline store trade-in services provided at the store locations of our upstream sourcing partners; (ii) online mall trade-in services provided at the online malls of our upstream sourcing partners; (iii) idle device mail-in recycling services; and (iv) corporate recycling. Our recycling services are primarily conducted via our proprietary Shanhuishou (閃回收) recycling system, which is deeply integrated within BOSS System.

The table below sets out our total procurement value of pre-owned consumer electronics by recycling type for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total procurement value of consumer electronics	RMB'000	% of total procurement value of consumer electronics	RMB'000	% of total procurement value of consumer electronics
Recycling by way of trade-in services	838,777	85.9	1,035,554	93.2	1,346,928	85.5
– through offline store trade-in services	818,419	83.8	1,015,641	91.4	1,331,361	84.5
– through online mall trade-in services	20,358	2.1	19,913	1.8	15,567	1
Recycling by way of idle device mail-in recycling services	56,067	5.7	11,834	1.1	13,874	0.9
Recycling by way of corporate recycling	82,160	8.4	63,626	5.7	179,530	11.7
Total:	**977,004**	**100**	**1,111,014**	**100**	**1,540,332**	**100**

The table below sets out the aggregate number of pre-owned consumer electronics we sourced by recycling type for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	unit'000	%	unit'000	%	unit'000	%
Recycling by way of trade-in service	1,505	62.5	1,286	71.2	1,581	90.8
– through offline store trade-in service	1,486	61.7	1,270	70.3	1,566	89.9
– through online mall trade-in service	19	0.8	16	0.9	15	0.9
Recycling by way of idle device mail-in recycling service	58	2.4	13	0.7	12	0.7
Recycling by way of corporate recycling	844	35.1	506	28.1	132	8.6
Total:	**2,407**	**100**	**1,805**	**100**	**1,725**	**100**

For the years ended December 31, 2023, 2024 and 2025, the aggregate number of pre-owned consumer electronics sourced from our entire recycling channels were approximately 2,407,000, 1,805,000 and 1,725,000 units, respectively, of which approximately 1,505,000, 1,286,000 and 1,581,000 units, respectively, were recycled by way of trade-in services.

The table below sets out our average procurement value of pre-owned consumer electronics by recycling type for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB/unit	RMB/unit	RMB/unit
Recycling by way of trade-in services	557	805	852
– through offline store trade-in services	551	800	850
– through online mall trade-in service	1,071	1,245	1,038
Recycling by way of idle device mail-in recycling services	967	910	1,156
Recycling by way of corporate recycling	97	126	1,360

Offline Trade-in store trade-in services

Offline stores of mainstream consumer electronic brands and their designated distributors are key channels for individual consumers to purchase new consumer electronic products. Under our offline store trade-in services, we provide recycling services and source pre-owned consumer electronics at offline stores of our upstream sourcing partners from individual consumers seeking upgrade to new consumer electronic devices. Front sales personnel of our upstream sourcing partners' store locations can utilize our Shanhuishou (閃回收) recycling system under two scenarios: (i) directly access to our recycling system interface to perform trade-in recycling services; or (ii) through the internal centralized recycling management platform implemented by certain mainstream consumer electronic brands, into which our Shanhuishou (閃回收) recycling system is deeply embedded. During the Track Record period, majority of our recycling of pre-owned consumer electronics were conducted by way of offline store trade-in services, which accounted for approximately 83.8%, 91.4% and 86.4% of our total procurement value or pre-owned consumer electronics for the years ended December 31, 2023, 2024 and 2025, respectively.

A typical recycling transaction by way of offline store trade-in service is as follows:

- ***Remote inspection and grading.*** The individual consumer provides the pre-owned consumer electronic device for trade-in at the upstream sourcing partner's offline store, and remains on-site while the real-time assessment and valuation are conducted. The front sales personnel then captures the images of such device and upload them, along with supplementary device information, to our Shanhuishou (閃回收) recycling system for remote inspection and grading. Our BOSS System quickly generates assessment reports within minutes, covering brand and model identification, conditions, battery health, and functional metrics.

- ***Pricing.*** Following the inspection and grading process performed, our BOSS System would then generate a recommended recycling price to our upstream sourcing partners.

- ***Completion of recycling.*** Once our recommended recycling price is accepted, we will immediately pay the recycling price to the individual consumer.

- ***Data erasing.*** To safeguard data privacy, we will ask the front sales personnel to require the individual consumer to perform a factory reset on the pre-owned consumer electronic device. This procedure ensures the erasure of personal data before such device is dispatched to our customers or delivered to our operation and inspection centers for further resale.

- ***Purchase of new consumer electronic device.*** Upon completion, the individual consumer can then purchase a new consumer electronic device, with the assessed value of the pre-owned consumer electronic device applied as a direct credit (with other brand-sponsored promotional discounts, if applicable) to offset the purchase price.

Online Mall Trade-in Services

In addition to our primary offline store trade-in services, we also collaborate with three mainstream consumer electronics, including Samsung, Xiaomi and Huawei, and a Chinese leading e-commerce platform, Pinduoduo, to provide recycling services by way of online mall trade-in services in their online malls or e-commerce platform. For the years ended December 31, 2023, 2024 and 2025, the aggregate number and the total procurement value of pre-owned consumer electronics we sourced by way of online mall trade-in services were approximately 19,000, 16,000 and 15,000 units and approximately RMB20.4 million, RMB19.9 million and RMB15.6 million, respectively, representing approximately 0.8%, 0.9% and 0.9% of the total number and approximately 2.1%, 1.8% and 1% of the total procurement value of pre-owned consumer electronics we sourced through our entire recycling channels, respectively.

A typical recycling transaction by way of online mall trade-in service is as follows:

- ***Device condition inquiry.*** The individual consumer places an order to buy a new consumer electronic device in respective consumer electronic brand's online mall and selects the option to trade in a pre-owned consumer electronic device. On the main page of the respective consumer electronic brand's online mall, the individual consumer can choose the type of consumer electronic device to trade, followed by the brand and model. The consumer is then prompted to complete a standardized self-assessment questionnaire regarding the device's condition. This process covers key parameters, including the original purchase channel and date, functional performance, screen and casing integrity, remaining warranty period, and any specific irregularities.

- ***Estimated pricing.*** Upon providing responses to the set of questions, we will provide an estimated recycling price generated by our BOSS System utilizing our database to the individual consumer.

- ***Place order and advance payment.*** If the estimated recycling price is acceptable, the individual consumer can place an order to trade in pre-owned consumer electronic device. We will then arrange an immediate payment to the individual consumer so that such amount can be used to purchase the new consumer electronic device.

- ***Delivery***. The consumer can then choose to request a pick-up by the logistics service provider at a designated location, or courier the device directly to our operation and inspection center where such consumer electronic device will be further inspected, graded and priced.

- ***Final price adjustment.*** After our inspection, grading and pricing, if the final trade-in price of the individual consumer's pre-owned consumer electronic device varies from our estimated recycling pricing, we will settle the difference directly with the individual consumer via online transfer. If the consumer is not satisfied with the final recycling price and wants to cancel the order, we will then send the device back to the consumer within 48 hours upon receipt of a cancellation request. The logistics fee is generally borne by the consumer.

Idle Device Mail-in Recycling Services

Apart from the trade-in services which are our main business focus, we also provide idle device mail-in recycling services where individual consumers intend to sell a pre-owned consumer electronic device in exchange for cash. During the Track Record Period, we primarily provided our idle device mail-in recycling services online through our Shanhuishou (閃回收) mobile application and associated WeChat or Alipay mini-program. For the years ended December 31, 2023, 2024 and 2025, the aggregate number and the total procurement value of pre-owned consumer electronics we sourced by way of idle device mail-in recycling services were approximately 58,000, 13,000 and 12,000 units and approximately RMB56.1 million, RMB11.8 million and RMB13.9 million, respectively, representing approximately 2.4%, 0.7% and 0.7% of the total number and approximately 5.7%, 1.1% and 1.1% of the total procurement value of pre-owned consumer electronics we sourced through our entire recycling channels, respectively.

A typical transaction by way of idle device mail-in recycling service is as follows:

- ***Device condition inquiry.*** On the main page of the gateway, the consumer can choose the type of consumer electronic device to sell, followed by the brand and model. The consumer is then prompted to complete a standardized self-assessment questionnaire regarding the device's condition. This process covers key parameters, including the original purchase channel and date, functional performance, screen and casing integrity, remaining warranty period, and any specific irregularities.

- ***Estimated pricing.*** Upon providing responses to the set of questions, we will provide an estimated recycling price generated by our BOSS System to the individual consumer.

- ***Place order.*** If the estimated recycling price meets the consumer's expectation, the consumer can place an order to sell the pre-owned consumer electronic device. The consumer can then choose to request a pick-up by the logistics service provider at a designated location, or courier the device directly to our operation and inspection center where such consumer electronic device will be further inspected, graded and priced.

- ***Inspection, grading and pricing.*** Upon receiving the device from the consumer, we apply our standardized inspection, grading and pricing process and examine the conditions of the device. We then provide the consumer with a final recycling price utilizing our proprietary pricing model. Our back office service team will answer any questions that the consumer may have regarding the final recycling price of the pre-owned consumer electronic device.

- ***Completion of order.*** If the consumer agrees to the final recycling price, we will complete the order by arranging payment to the consumer and erasing all user data stored in the device. If the consumer is not satisfied with the final recycling price and wants to cancel the order, we will then send the device back to the consumer within 48 hours upon receipt of a cancellation request. The logistics fee is generally borne by the consumer.

Corporate Recycling

During the Track Record Period, we had become a regular service provider of certain consumer electronic brands and various corporations to handle their excess inventories or demonstration consumer electronics. We typically purchase such consumer electronics in bulk through open bidding sessions or one-on-one negotiations and then resell them to our customers. For the years ended December 31, 2023, 2024 and 2025, the aggregate number and the total procurement value of consumer electronics we sourced through corporate recycling were approximately 844,000, 506,000 and 132,000 units and approximately RMB82.2 million, RMB63.6 million and RMB179.5 million, respectively, representing approximately 35.1%, 28.1% and 7.7% of the total number and approximately 8.4%, 5.7% and 11.7% of the total procurement value of pre-owned consumer electronics we sourced through our entire recycling channels for the same periods, respectively.

The followings are the salient terms of our typical existing agreements entered into with our key upstream business partners (mainly include certain of our upstream sourcing partners and various corporations) for corporate recycling:

- ***Term***. Our agreement in connection with corporate recycling services is either an agreement of a fixed term of usually one to two years or an one-off agreement.

- ***Methods of collaboration***. The agreements in connection with corporate recycling usually stipulate that we agree to purchase certain excess inventories of our upstream business partners on an "as is" basis, or that we will facilitate with the disposition of demonstration devices and conduct inspection and grading of such devices.

- ***Payment***. In the event that we are the buyer or the successful bidder during open bidding sessions for handling the consumer excess inventories, we usually pay the purchase price of the devices within three business days of the award of contract notice. In the event that we bid for purchase of demonstration devices, we typically provide a quote after inspection and make payments within three days after the quote has been confirmed and accepted.

- ***Delivery***. Depending on the specific arrangements with different upstream business partners, we either pick up the procured devices at their designated locations or the individual consumer will deliver the device to us, under which scenario the courier fee is usually borne by us.

- ***Representations and warranties***. The agreements in connection with corporate recycling usually stipulate that we shall not sell the devices we procured as new devices.

Our Upstream Sourcing Partners under Trade-in Services

Upstream sourcing partners refer to partners we cooperate with for our trade-in services, which mainly include (i) consumer electronic brands and their designated distributors; (ii) retailers; and (iii) mobile network operators and their designated distributors. We conduct our trade-in services at the offline stores and/or online malls of our upstreams sourcing partners, where we recycle and obtain the pre-owned consumer electronics from individual consumers.

Consumer electronic brands and their designated distributors

During the Track Record Period, we had established strategic partnerships with seven mainstream consumer electronic brands and their designated distributors. With our proprietary Shanhuishou (閃回收) recycling system either linked to their offline stores or embedded into the centralized recycling management platforms implemented by certain domestic mainstream consumer electronic brands, our trade-in recycling services provide critical infrastructure and support necessary to facilitate these initiatives effectively.

During the Track Record Period, these mainstream consumer electronic brands and their designated distributors were our most important upstream sourcing partners:

- ***Consumer Electronic Brand A***. Consumer Electronic Brand A is one of the world's largest producers of consumer electronics and a recognizable brand in technology that originated in Korea. We first established regional partnership with Consumer Electronic Brand A in March 2019, and have gradually extended our partnership to PRC nationwide trade-in services. We typically enter into collaboration agreements with Consumer Electronic Brand A and/or its designated distributors to provide our pre-owned consumer electronics recycling services in the Consumer Electronic Brand A offline stores in the PRC. We became acquainted with Consumer Electronic Brand A as it was searching the market for companies with the capabilities of providing trade-in services out of its business needs. Consumer Electronic Brand A reached out to us to discuss the possibility of cooperation and we eventually established a business relationship after negotiation.

- ***Consumer Electronic Brand B***. Consumer Electronic Brand B is a Chinese company listed on the Stock Exchange and is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core. We established partnership with Consumer Electronic Brand B in August 2018. We typically enter into collaboration agreements with Consumer Electronic Brand B and/or its designated distributors to provide our pre-owned consumer electronics recycling services in the Consumer Electronic Brand B's offline stores in the PRC. We became acquainted with Consumer Electronic Brand B when it started to consider and eventually invested in us in 2018 as it saw potential in our future development. Consumer Electronic Brand B subsequently commenced cooperation with us after becoming our Shareholder which has also helped us to develop our recycling business. The terms of the collaboration agreements we entered into with Consumer Electronic Brand B were comparable to and no less favorable than those with our other upstream sourcing partners, even though Consumer Electronic Brand B is one of our [**REDACTED**] Investors.

- ***Consumer Electronic Brand C***. Consumer Electronic Brand C is a leading global provider of information and communications technology infrastructure and smart devices that originated in Shenzhen, the PRC. We established partnership with Consumer Electronic Brand C in November 2021. We typically enter into collaboration agreements with Consumer Electronic Brand C and/or its designated distributors to provide our pre-owned consumer electronics recycling services in the Consumer Electronic Brand C's offline stores in the PRC. We became acquainted with Consumer Electronic Brand C as it was searching the market for companies with the capabilities of providing trade-in services out of its business needs. Consumer Electronic Brand C reached out to us to discuss the possibility of cooperation and we eventually established a business relationship after negotiation.

- ***Consumer Electronic Brand D***. Consumer Electronic Brand D is a PRC originated provider of smart devices. We established partnership with Consumer Electronic Brand D in September 2020. We have officially entered into collaboration agreements with Consumer Electronic Brand D in January 2024. We became acquainted with Consumer Electronic Brand D as it was searching the market for companies with the capabilities of providing trade-in services out of its business needs. Consumer Electronic Brand D reached out to us to discuss the possibility of cooperation and we eventually established a business relationship after negotiation.

- ***Consumer Electronic Brand E***. Consumer Electronic Brand E is a Chinese company headquartered in Guangdong Province, the PRC that principally engages in the design and production of smartphones. We established business relationship with Consumer Electronic Brand E in August 2023. We have officially entered into a collaboration agreement with Consumer Electronic Brand E in December 2023. We became acquainted with Consumer Electronic Brand E as it was searching the market for companies with the capabilities of providing trade-in services out of its business needs. Consumer Electronic Brand E reached out to us to discuss the possibility of cooperation and we eventually established a business relationship after negotiation.

- ***Consumer Eletronic Brand F***. Consumer Electronic Brand F is one of the world's largest producers of consumer electronics and providers of software and online services that incorporated and headquartered in the United States. We officially entered into collaboration agreements with three designated distributors of Consumer Electronic Brand F to provide our pre-owned consumer electronics recycling services in the Consumer Electronic Brand F's offline stores in the PRC in June 2024. We became acquainted with these designated distributors as Consumer Electronic Brand F was searching the market for companies with the capabilities of providing trade-in services out of its business needs. We then discuss the possibility of cooperation with the designated distributors of Consumer Electronic Brand F.

- ***Vivo***. Vivo is a PRC technology company that principally manufactures consumer electronics. We established partnership with vivo in February 2020. We typically enter into collaboration agreements with vivo and/or its designated distributors to provide our pre-owned consumer electronics recycling services in the vivo offline stores in the PRC. We became acquainted with vivo as it was searching the market for companies with the capabilities of providing trade-in services out of its business needs. Vivo reached out to us to discuss the possibility of cooperation and we eventually established a business relationship after negotiation.

Retailers

Retailers are also a key recycling channel for recycling services due to their large scale and ability to provide one-stop retail experience to consumers for various brands and models. Since 2016, we have maintained strategic partnerships with various chain retailers, deploying our Shanhuishou (閃回收) recycling system to facilitate trade-in recycling services across their offline stores. By leveraging these retailers' extensive retail network, we are able to have a broad market reach and establish a stable supply of quality pre-owned consumer electronics. In 2025, we also established strategic collaborative relationship with one of the China's leading e-commerce platforms.

Mobile network operators and their designated distributors

Since 2017, we have gradually established cooperative relationships with three major PRC mobile network operators, namely Chinese Mobile, Chinese Telecom and Chinese Unicom, and their designated distributors. We primarily source pre-owned consumer electronics through the extensive network of these mobile network operators by providing our offline store trade-in services within their offline stores.

The table below sets out the changes in the number of our upstream sourcing partners under our trade-in services as of the dates/for the periods indicated:

	As of/Year ended December 31,		
	2023	**2024**	**2025**
Number of active[(1)] upstream sourcing partners as of the beginning of the financial year	2,293	3,082	2,364
Number of new[(2)] upstream sourcing partners engaged	1,192	567	1,709
Number of inactive[(3)] upstream sourcing partners	(403)	(1,284)[(4)]	(793)
Number of active[(1)] upstream sourcing partners as of the end of the financial year	3,082	2,364[(4)]	3,280

Notes:

1. Active upstream sourcing partners refer to upstream sourcing partners through which we procured pre-owned consumer electronics in that particular financial year.

2. New upstream sourcing partners refer to the upstream sourcing partners through which we did not procure any pre-owned consumer electronics in the previous financial year but procured pre-owned consumer electronics in the current financial year.

3. Inactive upstream sourcing partners refer to the upstream sourcing partners through which we had procured pre-owned consumer electronics in the previous financial year but did not procure any consumer pre-owned electronics in the current financial year.

4. The increase in inactive upstream sourcing partners for the year ended December 31, 2024, and hence, the decrease in the number of active upstream sourcing partner as of December 31, 2024 were primarily attributable to the internal consolidation of distribution network by certain mainstream consumer electronic brands, whereby offline stores previously operated by various smaller distributors were consolidated and recategorized under larger distributors. Consequently, 886 upstream sourcing partners became inactive during the year ended December 31, 2024, respectively, as a direct result of such network integration rather than a loss of underlying business relationships.

By leveraging strategic collaborations with our upstream sourcing partners which include mainstream consumer electronic brands and their designated distributors, sizable retailers, and major mobile network operators and their designated distributors, we gain access to an extensive nationwide sourcing network while maintaining a highly efficient and asset-light business model. The table below sets out the number of offline stores of our upstream sourcing partners, with which we have been collaborating with to conduct offline store trade-in recycling services, by geographic region in the PRC for the periods indicated:

	Years ended December 31,		
	2023	**2024**	**2025**
Southern China(1)	4,537	5,224	8,770
Eastern China(2)	7,836	11,788	18,633
Northern China(3)	10,768	10,891	16,287
Western China(4)	2,876	5,413	7,612
Total:	**26,017**	**33,316**	**51,302**

Notes:

1. Southern China includes Guangdong province, Fujian province, Guangxi Zhuang Autonomous Region and Hainan province.

2. Eastern China includes Shanghai, Jiangsu province, Zhejiang province, Anhui province, Jiangxi province, Hubei province, Hunan province and Shanxi province.

3. Northern China includes Beijing, Tianjin, Heilongjiang province, Jilin province, Liaoning province, Shandong province, Hebei province, Henan province, Shaanxi province, Gansu province, Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region.

4. Western China includes Chongqing, Sichuan province, Shaanxi province, Guizhou province, Yunnan province, Qinghai province, Xinjiang Uygur Autonomous Region and the Tibet Autonomous Region.

Our collaborative arrangement with upstream sourcing partners

Our strategic collaborations with our upstream sourcing partners are generally non-exclusive and primarily governed by the framework collaboration agreements ("**Collaboration Agreements**") entered into with us. The following are the salient terms of a typical Collaboration Agreement:

- ***Term***. The term of our Collaboration Agreement is usually one year with consumer electronic brands (and their designated distributors), and one to two years with retailers or mobile network operators (and their designated distributors), and renewable upon mutual agreement at the end of term.

- ***Price and payment***. We are responsible for determining the trade-in recycling prices of pre-owned consumer electronics and arranging payment to individual consumers. We may bear brand-sponsored promotion discounts that are offered to individual consumers in advance on behalf of certain consumer electronic brands to facilitate the promotional sales of their new models of mobile phones transacted under our trade-in solutions. We typically reconcile the accounts with these consumer electronic brands on a monthly basis and then settle the relevant promotion discount payments or advanced payments with them within three months, or make up the agreed amount of security deposit when the balance falls below a certain level.

- ***Delivery***. The delivery is usually handled by a third-party logistic service provider that we cooperate with.

- ***Promotion service fee and commission arrangement***. In accordance with the respective Collaboration Agreement, we typically pay promotion service fees to the offline stores or online malls of our upstream sourcing partners, and commission fees to the front sale personnel of the offline stores our upstream sourcing partners. These costs are determined on an agreed percentage of the total monthly procurement value of the pre-owned consumer electronics we recycled through the retail channels of our upstream souring partners. For the years ended December 31, 2023, 2024 and 2025, our promotion service and commission fees paid amounted to approximately RMB74.4 million, RMB98.1 million and RMB105.7 million, representing approximately 6.9%, 7.9% and 6.4% of our total cost of sales for the same periods, respectively.

- ***Termination***. The agreement may be terminated in writing upon mutual consent and may be unilaterally terminated by either party subject to the relevant terms of the Collaboration Agreements.

Our top five upstream sourcing partners under trade-in services

For the years ended December 31, 2023, 2024 and 2025, our procurement value of pre-owned consumer electronics with our top five upstream sourcing partners under trade-in solutions in each year of the Track Record Period accounted for approximately 34.7%, 62.3% and 73.3% of our total procurement value of pre-owned consumer electronics we sourced by way of trade-in services and approximately 29.8%, 58% and 64.1% of our total procurement value of pre-owned consumer electronics we sourced through our entire recycling channels, respectively. Our procurement value of pre-owned consumer electronics with our largest upstream sourcing partner under trade-in services in each year of the Track Record Period accounted for approximately 29.1%, 44.8% and 38.6% of our total procurement value of pre-owned consumer electronics we sourced by way of trade-in services and approximately 25%, 41.8% and 33.7% of our total procurement value of pre-owned consumer electronics we sourced through our entire recycling channels for the same period, respectively.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors or their respective associates, or any of our existing Shareholders, to the best knowledge of our Directors, had any interest in any of our upstream sourcing partners in each year of the Track Record Period, except for upstream sourcing partner A, which was also one of our top five suppliers during the Track Record Period and our related parties. For more details of our transactions with upstream sourcing partner A, please refer to "Financial Information – Related Party Transactions" in this document.

Our Upstream Business Partners under Corporate Recycling

Upstream business partners refer to partners we cooperate with for our corporate recycling services, which mainly include (i) consumer electronic brands and their designated distributors; and (ii) mobile network operators and their designated distributors.

Our top five upstream business partners under corporate recycling

Our procurement value with top five upstream business partners (mainly include certain of our upstream sourcing partners and various corporations) under corporate recycling in each year of the Track Record Period accounted for approximately 98.2%, 99.6% and 94.9% of our total procurement value of consumer electronics we obtained through corporate recycling and approximately 8.3%, 5.7% and 11.1% of our total procurement value we obtained through our entire recycling channels for the years ended December 31, 2023, 2024 and 2025, respectively. The procurement value with our largest upstream business partner under corporate recycling in each year of the Track Record Period accounted for approximately 42.1%, 56.1% and 60.2% of our total procurement value of consumer electronics we obtained through corporate recycling and approximately 3.5%, 3.2% and 7% of our total procurement value of consumer electronics we obtained through our entire recycling channels for the same period, respectively. As of Latest Practicable Date, we had an average of approximately two years of business relationship with all of top five upstream business partners under corporate recycling in each year of the Track Record Period.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors or their respective associates, or any of our existing Shareholders who, to the best knowledge of our Directors, owned 5% or more of the issued share capital of our Company, had any interest in any of our top five upstream business partners under corporate recycling in each year of the Track Record Period, except for one upstream business partner, which was one of our top five upstream sourcing partners and top five suppliers during the Track Record Period, and our related parties. For more details of our transactions with such upstream business partner, please refer to "Financial Information – Related Party Transactions" in this document.

Our Suppliers

During the Track Record Period, our ultimate suppliers for pre-owned consumer electronics we procured from the retail channels of our upstream sourcing partners by way of trade-in or idle device mail-in recycling services are vast amount of individual consumers, who trade in or sell their pre-owned consumer electronics either offline or online. Our other suppliers primarily include (i) upstream business partners from whom we procure pre-owned consumer electronics by way of corporate recycling; (ii) upstream sourcing partners to whom we pay our promotional service fees; and (iii) other third-party service providers, mainly including labor and commission distribution service providers, logistics service providers, and insurance providers relating to various after-sale services we provided to individual consumers, such as screen assurance services.

Our top five suppliers

Our procurement value with top five suppliers in each year of the Track Record Period accounted for approximately 11.2%, 9.6% and 9.9% of our total procurement value for the years ended December 31, 2023, 2024 and 2025, respectively, and the procurement value to our largest supplier in each year of the Track Record Period accounted for approximately 3.8%, 3.2% and 5.2% of our total procurement value for the same periods, respectively. As of the Latest Practicable Date, we were not aware of any information or arrangements, which would lead to cessation or termination of relationships with any of our top five suppliers in each year of the Track Record Period.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors or their respective associates, or any of our existing Shareholders who, to the best knowledge of our Directors, owned 5% or more of the issued share capital of our Company, had any interest in any of our top five suppliers in each year of the Track Record Period, except for Supplier B, which was one of our top five upstream sourcing partners and one of our top five upstream business partners during the Track Record Period, and our related parties. For more details of our transactions with Supplier B, please refer to "Financial Information – Related Party Transactions" in this document.

The tables below set out the basic information of our top five suppliers in each year of the Track Record Period:

For the year ended December 31, 2023

Ranking	Supplier	Background of supplier	Major products and/or services procured	Procurement value with the supplier	Approximate % of total procurement value	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
1.	Supplier A[(2)]	Two PRC companies with (i) one based in Jiujiang City, Jiangxi province and principally engages in providing labor and related services, and was deregistered in August 2023, and (ii) one based in Nanchang City, Jiangxi province and principally engages in providing labor and commission distribution services and was established in January 2022.	Labor and commission distribution services	46,235	3.8	2021	Within three business days after receipt of monthly bills	Online transfer
2.	Supplier B[(1)]	A China-based company (with its subsidiaries) listed on the Stock Exchange that is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core and a mainstream PRC consumer electronic brand (Consumer Electronic Brand B) headquartered in Beijing, the PRC.	Consumer electronics procured from Supplier B through corporate recycling; promotion service fees paid to Supplier B for the supply procured through trade-in services	40,588	3.4	2018	For consumer electronics procured through corporate recycling: within three business days of the award of contract notice or after the quote has been confirmed and accepted/For promotion service fee: within five working days after the reconciliation accounts have been confirmed with Supplier B	Online transfer

Ranking	Supplier	Background of supplier	Major products and/or services procured	Procurement value with the supplier	Approximate % of total procurement value	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
3.	Supplier C	A PRC company based in Shenzhen, Guangdong province, which is a mainstream PRC consumer electronic brand and principally engages in the development, production and sale of communications and consumer electronics.	Consumer electronics procured through corporate recycling	30,264	2.5	2021	Within three business days after signing of the contract	Online transfer
4.	SF Holding Co., Ltd.	A PRC company (with its subsidiaries) listed on Shenzhen Stock Exchange (stock code: 002352) with headquarters in Shenzhen, Guangdong province, and principally engages in providing logistics services.	Delivery and logistics services	14,125	1.2	2017	Within 30 calendar days after the end of each month	Online transfer
5.	Supplier D	A PRC company based in Tianjin, and principally engages in providing property damage insurance services.	Provision of insurance in relating to various aftersales services provided by our Group to individual consumers, such as screen assurance services	4,805	0.4	2020	Within two business days after receipt of monthly bills	Online transfer
	Sub-total:	N/A	N/A	136,017	11.2	N/A	N/A	N/A

Notes:

1. Supplier B was one of our five largest suppliers and a customer in each year of the Track Record Period. Please refer to "– Overlapping of Customers and Suppliers" in this section.

2. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, the PRC company based in Jiujiang City, Jiangxi province was deregistered in August 2023 due to its own internal restructuring needs and such deregistration did not have any material and adverse impact on our business, financial performance and results of operations considering that such supplier was not the sole supplier at the relevant time and we had maintained a list of qualified labor and commission distribution services providers during the Track Record Period.

For the year ended December 31, 2024

Ranking	Supplier	Background of supplier	Major products and/or services procured	Procurement value with the supplier	Approximate % of total procurement value	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
1.	Supplier B	A China-based company (with its subsidiaries) listed on the Stock Exchange that is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core and a mainstream PRC consumer electronic brand (Consumer electronic Brand B) headquartered in Beijing, China.	Procurement of consumer electronics through corporate recycling; Payment of promotion service fees for the supply procured through trade-in services	42,231	3.2	2018	For consumer Electronics procured through corporate recycling: within three business days of the award of contract notice or after the quote has been confirmed and accepted/For promotion service fee: within five working days after the reconciliation accounts have been confirmed with Supplier B electronics procured through corporate recycling: within three business days of the award of contract notice or after the quote has been confirmed and accepted/For promotion service fee: within five working days after the reconciliation accounts have been confirmed with Supplier B.	Online transfer
2.	Supplier E..............	A PRC company established in 2022, with its registered office located at Chongqing, and with registered share capital of RMB10 million. It principally engages in providing labor and commission distribution services.	Labor and commission distribution services	34,368	2.6	2023	Within 2 business days after both parties confirmed the expenses of the previous month.	Online transfer
3.	Supplier F..............	A PRC company based in Guiyang, Guizhou province, which is a company specializing in the research and development, production, and sales of LCoS chips and related products.	Procurement of consumer electronics through corporate recycling	23,860	1.8	2024	Within 2 business days after both parties confirmed the final quotation.	Online transfer

Ranking	Supplier	Background of supplier	Major products and/or services procured	Procurement value with the supplier	Approximate % of total procurement value	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
4.	Supplier G	A PRC company established in 2024, with its registered office located in Nanchang, Jiangxi province and with registered share capital of RMB2 million. It principally engages in providing labor and commission distribution services.	Labor and commission distribution services	16,589	1.3	2024	Within three business days after receipt of monthly bills.	Online transfer
5.	Supplier A[(2)]	Two PRC companies with (i) based in Jiujiang City, Jiangxi province and principally engages in providing labor and related services and was deregistered in August 2023, and (ii) one based in Nanchang City, Jiangxi province and principally engages in providing labor and commission distribution services and was established in January 2022.	Labor and commission distribution services	10,636	0.8	2021	Within three business days after receipt of monthly bills.	Online transfer
	Sub-total:	N/A	N/A	127,683	9.6%	N/A	N/A	N/A

Notes:

1. Supplier B was one of our five largest suppliers and a customer in each year of the Track Record Period. Please refer to "– Overlapping of Customers and Suppliers" in this section.

2. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, the PRC company based in Jiujiang City, Jiangxi province was deregistered in August 2023 due to its own internal restructuring needs and such deregistration did not have any material and adverse impact on our business, financial performance and results of operations considering that such supplier was not the sole supplier at the relevant time and we had maintained a list of qualified labor and commission distribution services providers during the Track Record Period.

For the year ended December 31, 2025

Ranking	Supplier	Background of supplier	Major products and/ or services procured	Procurement value with the supplier	Approximate % of total procurement value	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
1	Supplier H	A PRC company with its registered office in Jiaxing, Zhejiang. It is a wholly-owned subsidiary of Foxconn Technology Group, with a registered share capital of RMB66 million. It is a partner of Apple's Apple Trade-In Program in China.	Procurement of consumer electronics through corporate recycling	108,046	5.2	2025	Within 2 business days after both parties confirmed the final quotation.	Online transfer
2	Supplier B	A China-based company (with its subsidiaries) listed on the Stock Exchange that is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platformat its core and a mainstream PRC consumer electronic brand (Consumer electronic Brand B) headquartered in Beijing, China.	Procurement of consumer electronics through corporate recycling. Payment of promotion service fees for the supply procured through trade-in services	33,989	1.6	2018	For consumer electronics procured through corporate recycling: within three business days of the award of contract or after the quote has been confirmed and accepted/For promotion service fee: within five working days after the reconciliation accounts have been confirmed with Supplier B	Online transfer

Ranking	Supplier	Background of supplier	Major products and/ or services procured	Procurement value with the supplier	Approximate % of total procurement value	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
3	Supplier I	A PRC company established in 2020, with its registered office located in Shenzhen, Guangdong province and with registered share capital of RMB32.2 billion. It is a mainstream PRC consumer electronic brand (i.e. Consumer Electronic Brand D) principally engaging in design, production and sale of communications and consumer electronics. Before November 2020, it was a sub-brand of Consumer Electronic Brand C.	Procurement of consumer electronics through corporate recycling	28,880	1.4	2024	Monthly settlement	Online transfer
4	Supplier E	A PRC company established in 2022, with its registered office located at Chongqing, and with registered share capital of RMB10 million. It principally engages in providing labor and commission distribution services.	Labor and commission distribution services	20,005	1.0	2023	Within 2 business days after both parties confirmed the expenses of the previous month.	Online transfer
5	Supplier J	A PRC company established in 2017, with its registered office located at Shenzhen, Guangdong Province and with registered share capital of RMB10 million. It principally engages in procuring consumer electronics through corporate recycling.	Procurement of consumer electronics through corporate recycling	15,213	0.7	2025	Prepaid payment	Online transfer
	Sub-total:	N/A	N/A	206,133	9.9	N/A	N/A	N/A

Note:

1. Supplier B was one of our five largest suppliers and a customer in each year of the Track Record Period. Please refer to "– Overlapping of Customers and Suppliers" in this section.

Our arrangements with third-party human resource service providers

During the Track Record Period, we had engaged third-party human resource service providers for commission distribution purpose. These third-party human resource service providers are primarily responsible for settling the commission fees with the relevant front sales personnel of our upstream sourcing partners' offline stores in accordance with their respective arrangement.

The following are the salient terms of our typical existing agreements entered into with our third-party human resource service providers:

- ***Term.*** The term of our agreement is usually one to two years. The agreement is either automatically renewed upon expiration of the term.

- ***Fees.*** The fees to the third-party human resource service provider are typically comprised of (i) the commission fees paid to the front sales personnel of our upstream sourcing partners' offline stores; and (ii) the service fee paid to such service provider which is typically around 6% of the amount in (i).

- ***Payment.*** We typically reconcile the accounts with the third-party human resource service providers on a monthly basis. We either pay within three business days upon receiving the notice for payment, or alternatively, make pre-payment to our account with them which will be transferred to their account upon reconciliation.

- ***Termination.*** The agreement may be terminated upon mutual consent and may be unilaterally terminated by either party subject to the relevant terms of the agreements.

OUR SALES

During the Track Record Period, our revenue was primarily derived from the sales of pre-owned consumer electronics we procured from recycling channels. Among which, our revenue derived from the sales of procured pre-owned mobile phones amounted to approximately RMB1,050 million, RMB1,231.4 million and RMB1,669.5 million, representing approximately 90.6%, 94.9% and 94.3% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. In order to meet the business needs of our customers, we also sell part of our procured consumer electronics in bulk through our offline sale, or provide various value-added and after-sale services.

The following table sets out the breakdown of our revenue by product or service for the periods indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	**% of total revenue**	**RMB'000**	**% of total revenue**	**RMB'000**	**% of total revenue**
Sales of products	1,140,278	98.4	1,277,990	98.5	1,747,851	98.7
– Sales of pre-owned mobile phones	1,050,003	90.6	1,231,356	94.9	1,669,521	94.3
– Sales of other pre-owned consumer electronics	90,275	7.8	46,634	3.6	78,330	4.4
Other services[1]	18,115	1.6	19,271	1.5	22,907	1.3
Total	**1,158,393**	**100**	**1,297,261**	**100**	**1,770,758**	**100**

Note:

1. Other services primarily include (i) guaranteed value trade-in services; (ii) providing matching service to sellers and purchasers with bulk disposal or purchase needs for pre-owned consumer electronics; (iii) conducting quality inspection of pre-owned mobile phones transacted on certain third-party e-commerce platforms; and (iv) providing after-sale services, such as screen assurance services.

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

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

Our Sales Channels

We currently conduct majority of sales through our proprietary Shanhui Youpin (閃回有品) online sales platform. Our other sales channels include our own online stores on the third-party e-commerce platforms and offline sale.

The table below sets out our revenue by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total revenue	RMB'000	% of total revenue	RMB'000	% of total revenue
Sales of pre-owned consumer electronics through sales platforms	1,049,320	90.6	1,219,814	94.0	1,513,496	85.5
– Sales through Shanhui Youpin (閃回有品).......	932,397	80.5	1,154,347	89.0	1,431,434	80.9
– Sales through third-party e-commerce platforms	116,923	10.1	65,467	5.0	82,062	4.6
Sales of consumer electronics through offline sale	90,958	7.8	58,176	4.5	234,355	13.2
Total:.............................	**1,140,278**	**98.4**	**1,277,990**	**98.5**	**1,747,851**	**98.7**

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

	Year ended December 31,					
	2023		2024		2025	
	unit'000	Average selling price/unit (RMB)	unit'000	Average selling price/unit (RMB)	unit'000	Average selling price/unit (RMB)
Sales of pre-owned consumer electronics through sales platforms	1,545	679	1,256	971	1,583	956
– Sales through Shanhui Youpin (閃回有品)	1,375	678	1,167	989	1,524	939
– Sales through third-party e-commerce platforms	170	684	89	736	59	1,391
Sales of consumer electronics through offline sale	141	98(1)	512	114(1)	158	1,483
Total:	**2,472**	**N/A**	**1,768**	**N/A**	**1,741**	**1,004**

Note:

1. During the Track Record Period, the average selling prices of pre-owned consumer electronics we sold through offline sale were significantly lower than that of pre-owned consumer electronics sold through our other sales platforms, primarily the reason that majority of the pre-owned consumer electronic products sold through our offline sale were phone accessories which had low selling prices.

The table below sets out the key operating metrics of our sales for the periods indicated:

	As of/Year ended December 31,		
	2023	2024	2025
Monthly active customers(1)	3,792	3,013	3,361
Total customers of the relevant year(2)	21,519	17,036(9)	21,003
Average revenue per customer of the relevant year(3)	RMB52,989	RMB76,148	RMB84,310
Recurring customers of the relevant year(4)	3,247	3,734	3,219
Revenue from recurring customers of the relevant year(5)	RMB749.7 million	RMB811.3 million	RMB791.2 million
Average revenue per recurring customer of the relevant year(6)	RMB230,878	RMB217,274	RMB245,806
Customer retention rate(7)	21.6%	17.4%	18.9%
Cost of procurement to revenue ratio	82.4%	84.4%	85.3%

	As of/Year ended December 31,		
	2023	2024	2025
Cost of promotion service and commission fees to revenue ratio	6.4%	7.6%	6.0%
Other cost to revenue ratio[(8)]	4.4%	3.2%	2.2%
Pre-owned consumer electronic procured (approximate)[(10)]	2,407,000 units	1,805,000 units	1,725,000 units
Pre-owned consumer electronics sold (approximate)[(11)]	2,473,000 units	1,768,000 units	1,741,000 units
Total procurement cost (including the trade-in recycling prices paid to individual consumers, and promotion service and commission fees paid to upstream sourcing partners and their front sales personnel) per unit	RMB416.2	RMB675	RMB893
Average selling price per unit	RMB461	RMB723	RMB1,017
Ratio of average procurement cost to average selling price per unit	90.3%	93.4%	87.8%

Notes:

1. "Monthly active customers" refer to the sum of monthly customers that have transactions with us in a particular financial year divided by 12;

2. "Total customers of the relevant year" refer to customers that have at least one transaction with us in a particular financial year. Due to the privacy policies of various third-party e-commerce platforms, we are not allowed to access to the end users' data for our sales made on these platforms. Therefore, the actual number of our customers from Douyin (抖音) and Paijitang (拍機堂) during the Track Record Period were excluded;

3. "Average revenue per customer of the relevant year" represents our revenue for a particular financial year divided by the number of total customers of that particular financial year referred in note 2;

4. "Recurring customers of the relevant year" refer to customers that have at least one transaction with us in the previous and current financial year;

5. "Revenue from recurring customers of relevant year" represents our revenue derived from recurring customers of the relevant year referred in note 4;

6. "Average revenue per recurring customers of the relevant year" represents our revenue derived from recurring customers of the relevant financial year referred in note 5 divided by the number of recurring customers of that particular financial year referred in note 4;

7. "Customer retention rate" represents the number of our recurring customers of the relevant financial year referred in note 4 divided by the number of total customers of previous financial year referred in item 2;

8. Other cost primarily included our cost of logistics, cost related to labor, repair and maintenance and procurement of phone accessories and services relating to screen damage replacement;

9. The decrease in the number of our total customers for the year ended December 31, 2024 as compared to the year ended December 31, 2023 was primarily due to our transitional sales inefficiency due to shift of our sales focus to prioritize real-time open bidding module over non-real-time open bidding module and loss of sales orders resulting from failing to effectively or precisely dispatch the specific devices to compatible customer profiles during the limited bidding duration. For further details, please refer to "Financial Information — Period to Period Comparison of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023" in this document;

10. Such decrease was primarily attributable to the decrease in our procurement of pre-owned mobile phones with selling prices lower than RMB1,000 from the offline channels of Consumer Electronic Brand A, and our constrained manual order review capacities resulting from a significant surge in recycling traffic from our recycling channels as a result of the implementation of centralized recycling management platforms by various domestic consumer electronic brands; and

11. The decrease in volume of pre-owned consumer electronics sold for the year ended December 31, 2024 as compared to the year ended December 31, 2023 was primarily due to (i) the decrease in our sales volume of pre-owned mobile phones from approximately 1,506,000 units to approximately 1,243,000 units for the same period; and (ii) the decrease in our sales volume of pre-owned consumer electronics procured through corporate recycling. Please refer to note 9 above.

Shanhui Youpin (閃回有品) online sales platform

We launched the brand of Shanhui Youpin (閃回有品) and developed our proprietary online sales platform in 2021. We then developed Shanhui Youpin (閃回有品) PC-end sales platform, Shanhui Youpin (閃回有品) mobile application and associated Shanhui Youpin (閃回有品) WeChat and Alipay mini-programs. There are three main business modules on our Shanhui Youpin (閃回有品) online sales platform including the real-time open bidding module, non-real-time open bidding module, and single-device sales module. For the years ended December 31, 2023, 2024 and 2025, our revenue derived from the sales of pre-owned consumer electronics through (i) our real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform amounted to approximately RMB494.6 million, RMB1,045.5 million and RMB1,336 million, representing approximately 42.7%, 80.6% and 75.2% of our total revenue for the same periods, respectively; and (ii) our two other modules on Shanhui Youpin (閃回有品) online sales platform amounted to approximately RMB433.1 million, RMB108.9 million and RMB95.4 million, representing approximately 37.4%, 8.4% and 5.4% of our total revenue for the same periods, respectively. Customers shall register on our Shanhui Youpin (閃回有品) online sales platform before making a purchase or participating in a bidding session.

Real-time open bidding module

Our major business module on Shanhui Youpin (閃回有品) online sales platform is a bidding module where single-device open bidding sessions are held on a real-time basis. This module is seamlessly synchronized with our offline store trade-in recycling transactions, allowing customers to place concurrent bids through our Shanhui Youpin (閃回有品) online sales platform. Customers under real-time open bidding module are required to pay deposit and top up sufficient account balance before participating in our real-time open bidding session. Customers can choose to stay online and attend any open bidding sessions during the operating hours of offline stores of our upstream sourcing partners.

A typical transaction that a pre-owned consumer electronic device is recycled by way of our offline store trade-in service and simultaneously sold through real-time open bidding module on our Shanhui Youpin (閃回有品) online sales platform is as follows:

- ***Remote inspection and grading***. The individual consumer provides the pre-owned consumer electronic device for trade-in at the offline store of our upstream sourcing partner. The front sales personnel will assist in capturing the images of the device and upload all the necessary information to our Shanhuishou (閃回收) system. Our BOSS System will generate assessment report within minutes.

- ***Dispatch and Pricing***. Our BOSS System will generate a recommended recycling price to our upstream sourcing partners and a minimum bidding price for resale. Our BOSS System will then dispatch the device order to appropriate customers with reports of model condition to place concurrent bids.

- ***Award of bidding.*** The pre-owned consumer electronic device will be awarded to the highest bidder whose bid exceeds our minimum bidding price.

- ***Completion of order.*** If our recommended recycling price is accepted by our upstream sourcing partner and the highest bidder offering a price higher than our minimum bidding price, we will sell the devices to such customers. If our recommended recycling price is accepted by our upstream sourcing partner and there is no bidder offers a price higher than our minimum bidding price, we will recycle the devices and deliver to our inspection and operation centers and then resell through non-real-time bidding module or single-device sales module. If our recommended recycling price is not accepted by our upstream sourcing partners, the order will be ceased.

For more details of our offline store trade-in recycling service transaction process, please refer to "— Our Recycling Services — Offline Store Trade-in Services" in this section.

The table below sets out the key operating metrics of our sales made through our Shanhui Youpin (閃回有品) online sales platform for the periods indicated:

	As of/Year ended December 31,		
	2023	2024	2025
Monthly active customers[(1)]	1,003	816	1,601
Total customers of the relevant year[(2)]	4,225	2,954	5,001
Average revenue per customer of the relevant year[(3)] *(RMB)*	220,737	390,774	286,230
Recurring customers of the relevant year[(4)]	1,414	1,065	1,114
Revenue from recurring customers of the relevant year[(5)] *(RMB in million)*	606.7	733.0	722.7
Average revenue per recurring customer of the relevant year[(6)] *(RMB)*	429,091	688,256	684,762
Customer retention rate[(7)]	19.0%	25.2%	37.7%
Cost of procurement to revenue ratio	83%	85.3%	86.9%
Cost of promotion service and commission fees to revenue ratio	7.1%	8.2%	5.2%
Pre-owned consumer electronics sold (approximate)[(8)]	1,375,000 units	1,166,000 units	1,524,000 units
Average procurement cost (including the trade-in price paid to individual consumers, and promotion service and commission fees paid to upstream sourcing partners and their front sales personnel) per unit *(RMB)*	611	925	865
Average selling price per unit *(RMB)*	678	990	939
Ratio of average procurement cost per unit to average selling price per unit	90.1%	93.4%	92.1%

Notes:

1. "Monthly active customers" refer to the sum of monthly customers that have transactions with us on Shanhui Youpin (閃回有品) online sales platform in a particular financial year divided by 12;

2. "Total customers of the relevant year" refer to customers that have at least one transaction with us in a particular financial year through our Shanhui Youpin (閃回有品) online sales platform;

3. "Average revenue per customer of the relevant year" represents our revenue of sale through Shanhui Youpin (閃回有品) online sales platform for a particular financial year divided by the number of total customers of that particular financial year referred in note 2;

4. "Recurring customers of the relevant year" refer to customers that have at least one transaction with us in the previous and current financial year through our Shanhui Youpin (閃回有品) online sales platform;

5. "Revenue from recurring customers of relevant year" represents our revenue of sale through Shanhui Youpin (閃回有品) online sales platform from recurring customers of the relevant year referred in note 4;

6. "Average revenue per recurring customers of the relevant year" represents our revenue of sale through Shanhui Youpin (閃回有品) online sales platform from recurring customers of the relevant financial year referred in note 5 divided by the number of recurring customers of that particular financial year referred in note 4;

7. "Customer retention rate" represents the number of our recurring customers of the relevant financial year referred in note 4 divided by the number of total customers of that particular financial year referred in note 2;

8. The decrease in volume of pre-owned consumer electronics sold through our Shanhui Youpin (閃回有品) online sales platform for the year ended December 31, 2024 as compared to the year ended December 31, 2023 was primarily due to the decrease in our overall sales volume of pre-owned consumer electronics from approximately 1,375,000 units to approximately 1,166,000 units for the same period. Such decrease was primarily attributable to our transitional sales inefficiency due to shift of our sales focus to prioritize real-time open bidding module over non-real-time open bidding module and loss of sales orders resulting from failing to effectively or precisely dispatch the specific devices to compatible customer profiles during the limited bidding duration. For further details, please refer to "Financial Information – Period to Period Comparison of Results of Operations – Year Ended December 31, 2024 Compared to Year Ended December 31, 2023" in this document; and

9. The decreases in our active customers and total customers for the sale made through our Shanhui Youpin (閃回有品) online platform for the year ended December 31, 2023 as compared to the same for the year ended December 31, 2024 were primarily due to the decrease in our sales volume of pre-owned mobile phones for the same period. Please also refer to note 8 above.

Non-real-time open bidding module

Our second business module on Shanhui Youpin (閃回有品) online sales platform is non-real-time open bidding module. We hold bidding sessions for single pre-owned consumer electronic device or bulk packages of pre-owned consumer electronics of similar features. We typically list our pre-selected procured pre-owned consumer electronics in three trenches a day and hold a subsequent bidding session on the following morning. Customers can only attend bidding sessions at fixed daily interval. We will set the minimum bidding price and the pre-owned consumer electronic device will only be sold to the highest bidder whose bid exceeds our minimum bidding price.

Customers under non-real-time open bidding module are required to pay deposit before participating in single-device or bulk-device bidding sessions. In the event that a customer is the successful bidder but fails to make the relevant full payment within the required time period, the transaction will be terminated and the customer's right to purchase will be revoked. We will also place a non-performance penalty per unit, which can be deducted from such customer's account up to a maximum of the customer's deposit amount, and the relevant pre-owned consumer electronic device(s) will be listed for sold in the next bidding module.

Single-device sales module

Our third business module on Shanhui Youpin (閃回有品) online sales platform is single-device sales module. We typically list our procured pre-owned consumer electronic devices with excellent condition from time to time and sell them at fixed price. This is also the only business module under our Shanhui Youpin (閃回有品) online sales platform that we open for both merchants and individual customers.

Sales through Third-party E-commerce Platforms

In addition to Shanhui Youpin (閃回有品) online sales platform, we have also established cooperative relationships with various third-party e-commerce platforms in the PRC, including leading e-commerce recycling platforms and online shopping platforms, and operated our own online stores targeting different types of customers. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from our sales on third-party e-commerce platforms amounted to approximately RMB116.9 million, RMB65.5 million and RMB82.1 million, respectively, representing approximately 10.1%, 5% and 4.6% of our total revenue for the same periods, respectively.

Based on the relevant terms of our agreements with these third-party e-commerce platforms, we are required to typically pay (i) a security deposit in order to conduct our sales of pre-owned consumer electronics on such platforms, and (ii) an agreed percentage of the actual transaction amount of the pre-owned consumer electronics sold through our own online stores on third-party e-commerce platforms as service fees to such third-party e-commerce platforms. For the years ended December 31, 2023, 2024 and 2025, the average percentage of service fees we paid to the third-party e-commerce platforms based on the total transaction value of pre-owned consumer electronics sold thereon was approximately 2.4%, 2.9% and 2.8%, respectively. For the pre-owned consumer electronics we sell on such platforms, we typically classify them based on the conditions according to our inspection and grading results, for example, quasi-new, 99 percent-new, 95 percent-new or 90 percent-new, and then generate recommended selling prices in accordance with our pricing strategy.

We intend to establish our branded online stores on more third-party e-commerce platforms focusing on selling mid-to-high-end pre-owned mobile phones to further diversify our sales channels in near future.

Offline Sale

During the Track Record Period, we have engaged in corporate recycling by certain of our upstream sourcing partners to handle their excess inventories and demonstration consumer electronics and other recycling requests of consumer electronics in bulk to meet the diversified business needs of our upstream business partners. Based on our understanding of the needs and preferences of customers in the second-hand consumer electronics market, we are then able to sell the majority of our pre-owned consumer electronics procured through corporate recycling to our customers through offline sale, while the remaining are sold through our other sales platforms. For the years ended December 31, 2023, 2024 and 2025, approximately 79.2%, 84.1% and 97.2% of our pre-owned consumer electronics procured through corporate recycling were sold to our customers through offline sale in terms of procurement value of consumer electronics, respectively.

Our Other Services

In addition to the sale of pre-owned consumer electronics, we also provide various value-added and after-sale services to participants across the upstream and downstream value chain. Other services primarily include (i) guaranteed value trade-in services; (ii) providing matching service to sellers and purchasers with bulk disposal or purchase needs for pre-owned consumer electronics; (iii) conducting quality inspection of pre-owned mobile phones transacted on certain well-known third-party e-commerce platforms; and (iv) providing after-sale services, such as screen assurance services.

Screen assurance services refer to the service we provided to certain individual customers where we undertake to carry out screen replacement or repair if the screen is broken within one-year warranty period. Guaranteed value trade-in services refer to the service we provide to individual customers for certain consumer electronic brands where we undertake to trade in pre-owned mobile phones that meet certain standards at a fixed percentage of such device's original retail price within a one-year period.

OUR OPERATION AND INSPECTION CENTERS

As of March 31, 2026, we operated two operation and inspection centers, equipped with proprietary data processing technology and technicians in Shenzhen, Guangdong province and Anji, Zhejiang province with a team of 25 personnel. Our operation and inspection centers have an aggregate GFA of approximately 2,245 square meters.

Our operation and inspection centers are fully equipped with capabilities for both remote online inspection and on-site physical inspection to cater to diverse inspection scenarios. Upon completion of comprehensive inspections covering overall functions, appearance condition, product quality and accessories, our BOSS system automatically generates complete, standardized and unified quality inspection reports. Based on the authentic and objective data in these reports, we can scientifically and accurately determine the recycling prices and selling prices of pre-owned consumer electronics, effectively enhancing the rationality of pricing strategies and stabilizing operational profitability.

The following table sets forth a summary of our annual inspection capacity in terms of inspection capacity and utilisation rates for our operation and inspection centers for the periods indicated:

	Year ended December 31,											
	2023				2024				2025			
	Inspection capacity[(1)]	Inspection volume: Pre-owned mobile phones	Inspection volume: Other pre-owned consumer electronics	Utilisation rate[(2)]	Inspection capacity[(1)]	Inspection volume: Pre-owned mobile phones	Inspection volume: Other pre-owned consumer electronics	Utilisation rate[(2)]	Inspection capacity[(1)]	Inspection volume: Pre-owned mobile phones	Inspection volume: Other pre-owned consumer electronics	Utilisation rate[(2)]
		(units)		(%)		(units)		(%)		(units)		(%)
Shenzhen, Guangdong Province..	945,960	751,649	29,686	83	637,080	547,235	18,929	89	589,320	525,081	12,871	91
Anji, Zhejiang province[(3)]	–	–	–	–	48,600	43,416	2,039	80	85,680	61,317	844	73
Nanjing, Jiangsu province[(3)]	97,920	77,490	2,408	82	73,800	60,466	1,089	83	–	–	–	–
Zhengzhou, Henan province[(4)]....	195,480	90,467	1,020	47	237,600	157,786	1,036	67	158,640	131,277	633	83
Chengdu, Sichuan province[(4)]	95,040	71,292	2,645	78	98,280	92,570	1,719	95	80,640	65,389	608	82
Total:...	**1,392,000**	**990,898**	**35,759**	**74**	**1,095,360**	**901,473**	**24,812**	**80**	**914,280**	**783,064**	**14,956**	**87**

Notes:

1. Inspection capacity is calculated based on daily inspection capacity (i.e. estimated number of consumer electronics inspected per day per inspection staff in each operation and inspection center for the relevant financial year) multiplied by inspection days per month and inspection months per year and based on the following assumptions: (i) no inspection staff took additional leaves during the relevant financial year; (ii) the estimated number of consumer electronics inspected by each inspection staff is 120 units per day; and (iii) 270 working days for the each of the years ended December 31, 2023, 2024 and 2025 respectively.

2. The utilisation rate is calculated based on the actual inspection volume for the relevant year/period divided by the inspection capacity for the relevant year. The fluctuations of the utilisation rates during the Track Record Period were mainly driven by the changes in our trade-in recycling volume.

3. We established Zhejiang Shanhui in 2023 and subsequently set up an operation and inspection center in Anji, Zhejiang province in February 2024. We gradually ceased the functionalities of our operation and inspection center in Nanjing during the first half of 2024 and then closed it down in September 2024, primarily due to the reason that such center has similar geographical coverage to our Anji operation and inspection center.

4. The utilization rates of our operation and inspection centers showed a general decreasing trend during the Track Record Period, primarily due to our increasing sale of pre-owned consumer electronics through real-time open bidding module on our Shanhui Youpin (閃回有品) online sales platform during the Track Record Period. This module is seamlessly synchronized with our offline store trade-in recycling transactions, allowing customers to place concurrent bids. Each pre-owned consumer electronics device is awarded to the successful bidder offering the highest price during the session, and will be collected from the offline stores of our upstream sourcing partners and delivered directly to our customers instead of our operation and inspection centers. For more details in relation to our real-time open bidding module, please refer to "Our Sales — Shanhui Youpin (閃回有品) Online Sales Platform" in this section. Subsequently, we closed down our operation and inspection centers in Zhengzhou, Henan province and Chengdu, Sichuan province both in January 2026.

TECHNOLOGY, RESEARCH AND DEVELOPMENT

Our proprietary technologies are one of the key factors to our success. Throughout the years, we have emphasized on technology, research and development and have cultivated our own competitive capabilities. As of the Latest Practicable Date, we had, in aggregate, 115 software copyrights, 64 registered trademarks, nine registered domain names, 20 registered patents and 10 patents in application in China. Our technology and development team, which is led by our chief technology officer, Mr. Lin Lexin, who is our executive Director and an industry veteran with 15 years of frontline experience, has been continuously focusing on developing and upgrading digital infrastructure and technologies with AI capabilities to cater to the ever-changing market and improve our operational efficiency and accuracy. As of March 31, 2026, our experienced technology and development team consisted of a total of 31 personnel.

BOSS System

Our proprietary BOSS System with integrated application of AI-driven technologies across our recycling and resales operations serves as the primary engine for our day-to-day operation and steady growth. Encompassing our Shanhuishou (閃回收) recycling system and Shanhui Youpin (閃回有品) online sales platform, Our BOSS System is the foundation of our digital infrastructure which offers a standardized industrial solution. It facilitates our end-to-end, closed-loop business operations — encompassing recycling, inspection, grading and pricing for both procurement and sales, as well as customer management, inventory and logistics management, and nationwide procurement and sales channel coordination. It provides 77,000 partner stores with one-click valuation, online order placement and instant settlement functions, digitizing the entire workflow of recycling, quality inspection, pricing and payment collection. It addresses the pain points of inaccurate and slow valuation at store level, greatly boosting partner stores' willingness to cooperate and retention rate.

Recycling management

As pre-owned consumer electronics are non-standardized items, maintaining consistency and accuracy in quality inspection and pricing has historically presented a critical challenge within industry. To address this, we initiated AI-based order review starting from the second half of 2024 to supplement a big volume of manual order review. With AI-based image recognition and defect detection functions, we have built an extensive image database of pre-owned consumer electronics, including millions of high-definition images labeled with various defects. Through continuous data learning from millions of transactions, our BOSS System can quickly generate reports on brands and models, screen damage, scratches, paint loss, battery and other functionalities, as well as recommended recycling and reselling prices of specific pre-owned consumer electronic devices brands and similar conditions. This largely reduces our errors associated with traditional human inspection and improves our pricing accuracy and reviewing time.

During the Track Record Period, we have been continuously putting effort into developing and upgrading BOSS System to refine our digital infrastructure. For instance, with our invention patent (no. 2022101692428), our BOSS System is able to process, standardize and analyze data collected from different sources; with our invention patent (no. 2021111228878), our BOSS System is capable of understanding the textual features of inspection reports and also generate recycling pricing of pre-owned electronic devices with various defective characteristics. Our AI-powered inspection, grading and pricing model has significantly improved our recycling and reselling pricing precision and operational efficiency.

Sales management

During the Track Record Period, majority of our procured pre-owned consumer electronics were sold through the real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform. Empowered by our advanced BOSS System which encompasses Shanhuishou (閃回收) recycling system and Shanhui Youpin (閃回有品) online sales platform, we realize a seamless synchronization between our offline trade-in recycling services and sales operations under the real-time open bidding module. Such technological capabilities enable us to simultaneously execute transactions of procurement and resale of pre-owned consumer electronics within minutes.

Our BOSS System enhances our overall sales efficiency. By leveraging our invention patent (no. 2023114108415), our BOSS System is able to generate ranking or calculate scores based on our customers' preferences and profile, and the system would then dispatch suitable pre-owned consumer electronic devices to appropriate customers for them to put down orders in a more effectively and efficiently manner; the system also directly manages our recycling and sales channels by allocating our newly procured pre-owned consumer electronics on a real-time basis to appropriate sales channels according to their location and inventory age. Accordingly, our inventory turnover days decreased from approximately 9.4 days for the year ended December 31, 2024 to approximately 6.4 days for the year ended December 31, 2025.

For more information of our patents, please refer to "Statutory and General Information — 2. Our intellectual property rights — (b) Patents" in Appendix V to this document.

Pricing Policy

We determine the recycling price and selling price of pre-owned consumer electronics with reference to a combination of factors. We adopt different pricing strategies for recycling price and selling price of pre-owned consumer electronics.

For recycling price of pre-owned consumer electronics, we take into the following account, primarily including the brands, models and conditions of the pre-owned consumer electronics, the historical recycling prices, the promotion service and commission fees, the recycling prices may be offered by our competitors for such pre-owned consumer electronics.

For selling price of pre-owned consumer electronics, we primarily apply a cost-plus pricing method, taking into account the procurement cost of the pre-owned consumer electronics, the promotion service and commission fees, logistic and other costs, the historical selling prices and our target profit margins.

Marketing

We place great importance on marketing and promotion on our brand image, marketing our recycling services, products and acquiring new upstream sourcing partners and customers.

On the recycling side, we have established strategic collaborations with upstream sourcing partners by providing trade-in recycling services under our brand of Shanhuishou (閃回收) with their promotion campaigns to launch new products. We will continue to actively promote our integrated trade-in solutions to both existing and potential upstream sourcing partners. To ensure high levels of engagement, we will maintain a systematic field presence by conducting periodic site visits and engaging in ongoing strategic dialogue regarding collaborative initiatives.

On the sales side, we intend to further invest in our promotional and marketing efforts to increase the public awareness of our core corporate sales brand, Shanhui Youpin (閃回有品) to improve our market position. We plan to increase our budget on placement of both online and offline marketing and advertisement to enhance our profile and promote our pre-owned consumer electronics recycling and resale services in various second-hand electronics markets.

Seasonality

We experience a moderate level of seasonality in our business primarily resulting from the new models of mobile phones and subsequent promotional campaigns launched by mainstream consumer electronic brands. As such, we typically experience higher transaction traffic, and able to source more supply of pre-owned consumer electronics and record higher sales volume during the second half of the year as there are typically new product launches and e-commerce activities. Generally, all of the marketing activities or campaigns conducted by mainstream consumer electronic brands and third-party e-commerce platforms may lead to seasonal variations of our business operation.

Competition

We face competition mainly from the other top service providers engaged in the recycling services within the PRC for pre-owned consumer electronics industry as we generally adopt non-exclusive cooperation models with upstream sourcing partners and upstream business partners. According to Frost & Sullivan, the top five and top two market players contributed 19.7% and 16.3% market shares of mobile phone recycling service market in terms of total transaction value of mobile phones in 2025, respectively. We were the third largest mobile phone recycling service provider in the PRC, both in terms of total transaction value of pre-owned mobile phones recycled and the total transaction value of pre-owned mobile phone sold in 2025, with a market share of approximately 1.6% and 1.5%, respectively. Please refer to "Industry Overview — Analysis of Mobile Phone Recycle in China" in this document for further details.

We believe that we are strategically positioned in the PRC's pre-owned consumer electronics recycling industry. Compared to other peers in the mobile phone recycling service market, we have established sustainable business partnerships with mainstream consumer electronic brands and major PRC mobile network operators and their designated distributors, sizable retailers and e-commerce platforms. We have also developed effective operational systems possessed with technology advantages and provided integrated service solutions, all of which ensure our competitive advantages in the industry.

Our Customers

We are situated in the midstream of the industrial chain of consumer electronics transaction service market and target various downstream customers. During the Track Record Period, our customers primarily include (i) merchant customers who conduct business in the second-hand electronics market and sell pre-owned consumer electronics they procured to their own customers, and (ii) individual customers who purchase pre-owned consumer electronics for their own use.

We generally require our customers to make full payment for their purchases before arranging the delivery of procured pre-owned consumer electronic devices. For the years ended December 31, 2023, 2024 and 2025, revenue generated from our top five customers in each year of the Track Record Period were approximately RMB166.6 million, RMB223.5 million and RMB279.5 million, respectively, representing 14.4%, 17.2% and 15.8% of our total revenue for the same periods, respectively. Revenue from our largest customer in each year of the Track Record Period amounted to approximately RMB54.1 million, RMB69 million and RMB90.8 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing approximately 4.7%, 5.3% and 5.1% of our total revenue for the same years, respectively.

Our Directors do not consider that we had adopted a distributorship business model as set out in Chapter 4.5 of the Guide based on our business model as described in this document for the following reasons: (i) we do not have any distributorship arrangement or exclusive relationships with our customers; (ii) we do not rely on our customers to distribute our pre-owned consumer electronics or expect them to resell such on our behalf; (iii) our customers engage in trading and sale of our pre-owned consumer electronics independently and at their own risk and expense, without our involvement; (iv) we do not impose any restrictions on our customers in relation to their resale regions or requirements for subsequent sales, such as minimum price, sales amount, targets, or ultimate users; (v) we generally do not accept product returns if the application for product returns was not submitted to us within 72 hours after the pre-owned consumer electronics was delivered to our customers; and (vi) we do not offer repurchase options to our customers, nor do we control their inventory management.

General contracts with our customers

We typically enter into general contracts with our customers, who undertake to sell the pre-owned consumer electronics procured from us or dismantle spare parts, without refurbishing parts involving the logos of any consumer electronic brands, at their own risks. However, we do not routinely monitor the sales performance or compliance of our customers as we do not adopt a distributorship business model for our sales, and our customers engage in trading and sale of our pre-owned consumer electronics independently and at their own risks and expenses. As such, there can be no assurance that our customers will always comply with the above undertaking in our contracts with them. Please also refer to "Risk Factors – We May Not Have Control over The Non-compliance of Our Customers" in this document for further details.

The following are the salient terms of our general contracts entered into with our customers who participate in the real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform:

- ***Precondition***. The customers are required to register an account on Shanhui Youpin (閃回有品) mobile application and pay security deposit before participating in the bidding sessions.

- ***Payment***. The customers are required to pay the purchase price of the devices in full within a stipulated time period, and we are entitled to deduct such amount from the customer's security deposit in the event that the customer fails to make payment on a timely basis.

- ***Delivery.*** We will arrange delivery of the devices to the address provided by the customer during account registration upon receipt of the payment from the customer.

- ***Return policy.*** The customers acknowledge and accept that the consumer electronics sold on our platform are pre-owned consumer electronics with certain defects and will not demand return of same without our consent. Where we consent to the return of the devices after negotiations with the customer, the customer will deliver the devices to a warehouse designated by us.

- ***Security deposit***. The customer is not required to pay a separate security deposit for each single bidding session but if the security deposit is deducted for any reason, including but not limited to payment of the purchase price, non-performance penalties, the customer will be requested to make up the deposit within one day after receiving a notice from us. We are entitled to refuse such customer's participation in any following bidding sessions before the security deposit has been made up.

- ***Term.*** The term of the general contract is usually one year.

Returns and After-sales Service

During the Track Record Period, our average return rate of pre-owned consumer electronics transacted on our Shanhui Youpin (閃回有品) online sales platform and our own online stores operated on third-party e-commerce platforms was approximately 0.4% in terms of sales volume, while the average return rate of the sale of pre-owned consumer electronics in the PRC second-hand consumer electronics industry was approximately 5% to 10% in terms of sales volume. We are typically required to follow the return policy for our sales on the third-party e-commerce platforms as stipulated in our agreements with them. For our sales on Shanhui Youpin (閃回有品) online sales platform, we only accept return of devices from or pay for the relevant price difference to our customers if certain conditions are met.

Generally, if our merchant customers have concerns on or are not satisfied with the quality of our pre-owned consumer electronics sold, they can lodge a request to us online. We will then contact the customer and arrange for either remote or in-house inspection. Depending on the inspection results, we would typically exchange another device with similar condition to our customer or deduct the applicable price difference if it is damaged due to the reasons not caused by the customer. During the Track Record Period, our return of devices from customers were primarily due to the damages caused during transportation or intermittent failure of the consumer electronic device, leading to our inspection staff unable to detect certain dysfunctionalities during the inspection process, as well as buyers' subjective decision to return. "Buyers' subjective decision to return" refers to returns that are primarily driven by changes in the buyers' own thoughts and decisions, without involving objective reasons such as product quality. According to the after-sales policy of our Shanhui Youpin (閃回有品) online sales platform, which has been adopted by most of the PRC e-commerce platforms, returns and exchanges without reason within seven days are allowed, provided that the following conditions are met: the returned device, upon inspection by our after-sales service team, is confirmed to be in perfect condition (that is, consistent with the inspection report at the time of purchase); and any accessories (if applicable) are undamaged. In addition, we also provide one-year product warranty to individual customers if the pre-owned mobile phones purchased becoming dysfunctional.

Benefiting from our professional after-sales service team, we are capable of handling after-sales requests or complaints effectively and efficiently. When our customer service staff receives a request or complaint from our customer, they are required to record the details of such request or complaint in details and provide a solution to customer at the best of their abilities. In the event that the request of complaint could not be resolved after discussing with the customer, our customer service staff will refer the matter to the relevant department and provide ongoing assistance. Our customer service staff are also responsible for promptly following up on the request and complaint handling progress and providing feedback to our customers on the outcome. In addition, we categorize customer complaints into three levels based on the severity and have corresponding processing time requirement with general complaints shall be processed within 24 hours, material complaints within 12 hours and major complaints within six hours.

During the Track Record Period, we did not receive any material customer complaints in the normal course of business. The customer complaints we received were typically related to (i) the quality, inconsistencies in device pictures, lack of information provided or inspection results of the pre-owned mobile phones as they are all non-standardized items; (ii) delay in inspection process and payment time; and (iii) damages caused during logistics. As of the Latest Practicable Date, all of the customer complaints we received during the Track Record Period had been handled by our after-sales service team and settled in accordance with our internal policy.

Our top five customers

We have a broad customers base and during the Track Record Period, all of our top five customers in each year of the Track Record Period were independent third parties. To the best knowledge of our Directors, none of our Directors or, their respective associates or any of our Shareholders holding more than 5% of the issued share capital of our Company during the Track Record Period and as of the Latest Practicable Date, held any interest in any of the top five customers in each year of the Track Record Period.

The tables below set out the basic information of our top five customers in each year of the Track Record Period:

For the year ended December 31, 2023

Ranking	Customer	Background	Major products sold	Sales amount	Approximate % of total revenue	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
1.	Customer A	An individual customer, along with an individual-owned business based in Shenzhen, Guangdong province, which was established in 2011, with registered share capital of RMB30,000 and principally engages in the sale of consumer electronics and accessories and wholly-owned by such individual customer.	Consumer electronics through our sales platforms	54,110	4.7	2018	Within three calendar days after successful bidding	Online transfer
2.	Shenzhen Lianmingfa Technology Co. 深圳市聯銘發科技有限公司	A PRC company established in 2014, with its registered office located in Shenzhen, Guangdong province and with registered share capital of RMB5 million. It has 100-199 employees and principally engages in the sale of consumer electronics.	Consumer electronics through offline sale	40,377	3.5	2022	Before delivery	Online transfer
3.	Customer B	Two individual customers who are brothers.	Consumer electronics through our sales platforms	34,904	3.0	2020	Within three calendar days after successful bidding	Online transfer
4.	Customer C[(1)]	Two individual customers ("individual customer A & individual customer B"), who are business partners.	Consumer electronics through our sales platforms	21,178	1.8	2021	Within three calendar days after successful bidding	Online transfer

Ranking	Customer	Background	Major products sold	Sales amount	Approximate % of total revenue	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
5.	Customer D	An individual customer.	Consumer electronics through our sales platforms	16,056	1.4	2023	Within three calendar days after successful bidding	Online transfer
	Sub-total:	N/A	N/A	166,625	14.4	N/A	N/A	N/A

Note:

1. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, the individual-owned business was deregistered in November 2021 because of the internal business decision of individual customer A. Our Directors are of the view that such deregistration did not have any material and adverse impact on our business, financial performance and results of operations because we had continued our sales to individual customer A and individual customer B after the individual-owned business was deregistered. As of the Latest Practicable Date, the trade receivables from such individual-owned business was fully-settled. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, (i) before the individual-owned business was de-registered, individual customer A and individual customer B had placed orders with us for the business operation of the individual-owned business; and (ii) after the individual-owned business was de-registered, individual customer A and individual customer B continued to place orders with us as business partners. As the result of the foregoing, sales made to individual customer A and individual customer B were aggregated and presented as Customer C during the Track Record Period.

For the year ended December 31, 2024

Ranking	Customer	Background	Major products sold	Sales amount	Approximate % of total revenue	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
1.	Customer A	An individual customer, along with an individual-owned business based in Shenzhen, Guangdong province, which was established in 2011, with registered share capital of RMB30,000 and principally engages in the sale of consumer electronics and accessories and wholly-owned by such individual customer.	Consumer electronics through our sales platforms	69,023	5.3	2018	Within three calendar days after successful bidding	Online transfer

Ranking	Customer	Background	Major products sold	Sales amount	Approximate % of total revenue	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
2.	Customer E	An individual customer along with a PRC company established in 2021, with its registered office located in Xi'an, Shaanxi province and with registered share capital of RMB0.5 million. It principally engages in the sale of consumer electronics.	Consumer electronics through our sales platforms	62,212	4.8	2018	Within three calendar days after successful bidding	Online transfer
3.	Customer F	Two individual customers along with an individually-owned business in Foshan, Guangdong province, and principally engages in sale of consumer electronics.	Consumer electronics through our sales platforms	34,587	2.7	2022	Within three calendar days after successful bidding	Online transfer
4.	Customer G	An individual customer.	Consumer electronics through our sales platforms	30,327	2.3	2021	Within three calendar days after successful bidding	Online transfer
5.	Customer H	An individual customer, along with an individual-owned business based in Sanya, Hainan province, which was established in 2023, and principally engages in the sale of consumer electronics and wholly-owned by such individual customer.	Consumer electronics through our sales platforms	27,365	2.1	2023	Within three calendar days after successful bidding	Online transfer
	Sub-total:	**N/A**	**N/A**	**223,514**	**17.2**	**N/A**	**N/A**	**N/A**

For the year ended December 31, 2025

Ranking	Customer	Background	Major products sold	Sales amount	Approximate % of total revenue	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
1	Customer I...........	A PRC company established in 2015, with its registered office located in Zhengzhou, Henan province and with registered share capital of RMB10 million. It principally engages in sales of consumer electronics.	Consumer electronics through offline sale	90,774	5.1	2022	Before delivery	Online transfer
2	Customer J	A PRC company established in 2012, with its registered office located in Shenzhen, Guangdong province and with registered share capital of RMB5 million. It principally engages in sales of consumer electronics.	Consumer electronics through our sales platforms	63,400	3.6	2025	Before delivery	Online transfer
3	Customer E...........	An individual customer along with a PRC company established in 2021, with its registered office located in Xi'an, Shaanxi province and with registered share capital of RMB0.5 million. It principally engages in the sale of consumer electronics.	Consumer electronics through our sales platforms	59,725	3.4	2021	Within three calendar days after successful bidding	Online transfer
4	Customer K	A PRC company established in 2020, with its registered office located in Chengdu, Sichuan province and with registered share capital of RMB5 million. It principally engages in sales of consumer electronics.	Consumer electronics through our sales platforms	38,668	2.2	2024	Within three calendar days after successful bidding	Online transfer

Ranking	Customer	Background	Major products sold	Sales amount	Approximate % of total revenue	Year of commencement of business with us	Credit term	Payment method
				(approximately RMB'000)				
5	Customer L..........	A PRC company established in 2022, with its registered office located in Sanming, Fujian province and with registered share capital of RMB10 million. It principally engages in sales of consumer electronics.	Consumer electronics through offline sale	26,901	1.5	2025	Before delivery	Online transfer
	Sub-total:..............	**N/A**	**N/A**	**279,468**	**15.8**	**N/A**	**N/A**	**N/A**

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, Supplier B, which comprises several companies within the same group, was one of our five largest suppliers and also a customer in each year of the Track Record Period. Supplier B is our key upstream sourcing partner, which is also a mainstream consumer electronic brand. As we have formed a close and all-rounded strategic collaboration relationship with our key upstream sourcing partners, we generally have overlapping customers or suppliers for our recycling and resale business operations.

Our Recycling Transaction Services through or with Supplier B

During the Track Record Period, we procured pre-owned consumer electronics through the offline stores and online malls of Supplier B by way of trade-in services and also through corporate recycling. For the years ended December 31, 2023, 2024 and 2025, the promotion service fees for the pre-owned consumer electronics sourced by way of trade-in services from Supplier B amounted to approximately RMB2.4 million, RMB6.2 million and RMB24.5 million, respectively. Our procurement value of pre-owned consumer electronics from Supplier B by way of corporate recycling amounted to approximately RMB38.2 million, RMB36 million and RMB9.5 million, respectively.

Our Services Provided to Supplier B

During the Track Record Period, Supplier B engaged us to provide certain value-added and after-sale services to individual consumers, such as screen assurance services and guaranteed value trade-in services, and to handle certain purchasing and selling services of consumer electronics in bulk to meet its diversified business needs. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from providing value-added or after-sale services to Supplier B amounted to approximately RMB1.6 million, RMB0.4 million and RMB0.2 million, respectively which accounted for approximately 0.1%, 0.03% and 0.01% of our total revenue for the same periods, respectively.

Negotiations of the terms of our procurement through/from and our services provided to Supplier B were conducted on an individual basis, and the sales and purchases were neither inter-connected or inter-conditional with each other. Our Directors confirm that all of our sales to and purchases from Supplier B were conducted in the ordinary course of business under normal commercial terms and on arm's length basis. Our Directors confirm that, save as disclosed above, none of our major customers was our supplier, or vice versa, during the Track Record Period.

BUSINESS SUSTAINABILITY

Performance during the Track Record Period

While we have achieved sustainable growth, we experienced fluctuations in our financial performance during the Track Record Period. The table below sets out certain financial data for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands, except percentages)		
Revenue	1,158,393	1,297,261	1,770,758
Gross profit	78,343	62,096	114,396
Gross profit margin	6.8%	4.8%	6.5%
Loss for the year	(98,268)	(66,443)	(78,990)
Net loss margin	(8.5%)	(5.1%)	(4.5%)
Adjusted profit/(loss) (non-IFRS measure)	(6,773)	(31,227)	28,437
Adjusted profit/(loss) margin (non-IFRS measure)	(0.6%)	(2.4%)	1.6%

Our loss-making position during the Track Record Period was primarily due to the following reasons:

- Our losses for the years ended December 31, 2023, 2024 and 2025 were primarily or partially attributable to our changes in carrying amount of redemption liabilities of approximately RMB87.3 million, RMB21.5 million and RMB99.3 million for the same periods, respectively, which represented the amount of changes in our redemption obligations arising from the preferential rights granted to our [**REDACTED**] Investors. Such preferential rights will be terminated upon their automatic conversion into ordinary Shares upon [**REDACTED**].

- We recorded an adjusted loss (non-IFRS measure) of approximately RMB6.8 million for the year ended December 31, 2023, primarily the reason that the increases in our cost of sales, as well as our selling, administrative and research and development expenses still outpaced the growth in our revenue for the year ended December 31, 2023.

- We recorded an increase in adjusted loss (non-IFRS measure) from approximately RMB6.8 million for the year ended December 31, 2023 to approximately RMB31.2 million for the year ended December 31, 2024. Such significant increase was primarily attributable to the decrease in our gross profit margin from approximately 6.8% to approximately 4.8% for the same period. In 2024, to respond to the surge in recycling traffic from our recycling channels primarily driven by the centralized recycling management platforms implemented by various domestic mainstream consumer electronic brands, we shifted our sales focus to prioritize our real-time open bidding module over the non-real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform. However, we experienced slower-than-expected sales growth and a decline in the number of customers during this transitional period. This was primarily the reasons that (i) we needed time to cultivate new transaction habits among customers who were previously accustomed to non-real-time open bidding module; (ii) we experienced a loss of sales orders resulting from our failure to effectively and precisely dispatch specific devices to compatible customer profiles within the limited bidding duration, usually within five minutes, due to operational inefficiency; and (iii) our manual order review capacities were constrained by a significant surge in recycling traffic, leading to an increase in undetected device defects. Consequently, we had to reduce our target profit margin to mitigate the impact of these transitional factors and prioritize our market share.

- We recorded an adjusted profit (non-IFRS measure) of approximately RMB28.4 million for the year ended December 31, 2025, primarily due to the increase in our gross profit margin from approximately 4.8% for the year ended December 31, 2024 to approximately 6.5% for the year ended December 31, 2025. This increase in gross profit margin was primarily attributable to (i) our enhanced target profit margin as a result of our ongoing refinement of real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform, through which we continuously optimize our customer profiling to achieve more precise device dispatching; (ii) continuous optimization of promotion service and commission fee structure; and (iii) the strategic integration of AI-based order review to supplement our manual inspection process, which significantly enhanced the precision of defect identification, providing our customers with greater transparency and grading certainty. As a result, we realized growing number of customers, higher bidding participation and improved sales conversion rates, which collectively contributed to the improvement of our gross profit margin.

Path to Sustainable Growth and Profitability

We will implement the following measures to improve our operational efficiency in order to achieve a breakeven position and further drive sustainable growth and profitability:

- ***Continuing to enhance cooperation with our upstream sourcing partners.*** We will continue to (i) enhance brand recognition of Shanhuishou (閃回收) and strengthen our strategic collaborations with upstream sourcing partners, and (ii) promote our trade-in recycling services with the expansion of our offline sourcing network to effectively increase the recycling volume of pre-owned consumer electronics, thereby achieving the continuous growth of our sales.

- ***Continuing to optimize our sales modules and expand customer base.*** We will continue to (i) refine real-time open bidding module on Shanhui Youpin (閃回有品) online sales platform, (ii) build Shanhui Youpin (閃回有品) into a customer-trusted and influential brand, and (iii) further expand our sales channels and customer base to increase our sales volume of pre-owned consumer electronics and revenue.

- ***Continuing to strengthen our cost control to optimize our profit structure***. We will continue to optimize our profit structure by strengthening our cost control measures across our operations, with a specific focus on the following areas: (i) procurement costs – we will continue to enhance our proprietary inspection, grading and pricing algorithms to improve the precision of our selling and recycling prices (ii) promotion service and commission fees – we will continue to proactively negotiate with our upstream sourcing partners to optimize the fee structure. The percentage of promotion service and commission fees are determined by entering into Cooperation Agreements with our upstream sourcing partners. Such agreements specify the basis for determining the promotion service and commission fee ratio, adjustment procedures and advance notice period; and (iii) logistics and other costs – we will continue to strictly monitor our logistics and other costs, which will be continuously benefited from economies of scale.

- ***Operating expenses leverage***. As our revenue continues to grow, we expect to increasingly benefit from economies of scale and improved operating leverage. We intend to adopt a more disciplined approach to managing our operating expenses, including our administrative expenses, selling and distribution expenses as well as research and development expenses. While continuous investment in research and development remains crucial to our long-term success, we will continue to enhance our research and development efficiency through the iterative advancement of our core technologies. Concurrently, we will optimize our administrative expenses and selling and distribution expenses by leveraging our continuously upgraded proprietary BOSS Systems to drive higher efficiency.

Based on the above, we expect that our revenue will continue to grow quickly and our gross profit and gross profit margin will improve in due course, and we do not expect to have significant investments in sales and marketing, research and development and administrative matters. As such, we believe that our strategies and measures above will validly support our business sustainability and improve our profitability.

PROPERTIES AND FACILITIES

We occupy certain properties in the PRC. We do not own any properties. As of the Latest Practicable Date, we primarily leased eight properties relating to our business operations in Shenzhen, Beijing and Anji, with an aggregate GFA of approximately 6,370.3 square meters in the PRC. The aforementioned leased properties are primarily used as offices, technology, research and development spaces.

The above properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As of December 31, 2025, each of our property interests had a carrying amount less than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings.

As of the Latest Practicable Date, three of the aforementioned leased properties in PRC with an aggregate GFA of approximately 38 sq.m. were subject to potential title defects, representing approximately 0.6% of the total GFA of our leased properties relating to our business operations in PRC. The title defects were mainly due to that the lessors of such leased properties 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 the aforementioned 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 the aforementioned leased properties, we may be required to vacate these leased properties and relocate our offices, technology, research and development spaces.

Our Directors believe that such leased properties will not have a material adverse impact on our business, results of operations and financial conditions. As of the Latest Practicable Date, (i) our leases for the aforementioned leased properties were not challenged by third parties or relevant authorities; (ii) we were not involved in disputes, lawsuits or claims or receive administrative penalties in connection with the rights to lease and use the aforementioned leased properties; and (iii) to the best belief of our Directors, replacement premises for the aforementioned leased properties are readily available.

As of the Latest Practicable Date, seven lease agreements of the leased proprities relating to our business operations 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 leases or result in us being required to vacate the leased properties. However, the relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 on each lease agreement that is not registered and filed. 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. Based on the number of these properties and the cities where they are located, we believe the likelihood that we will be punished due to failure to register and file all the relevant lease agreements at the same time is remote.

In May 2024, we leased a property to develop our offline store trade-in recycling services in Hong Kong. As part of our expansion effort and to further solidify our presence in Hong Kong, we subsequently relocated and leased a bigger property in February 2026, with a GFA of approximately 1,749 square feet.

LOGISTICS

In order to fulfil our orders, we maintain a long-term and stable partnership with reputable third-party logistic service providers, which in turn provide on-demand pick-up and delivery services to our upstream sourcing partners and individual customers. Once orders are placed through the offline or online channels of our upstream sourcing partners, we will arrange our logistic service providers to collect the consumer electronics from the location designated by our upstream sourcing partners or individual customers, and deliver the same to our operation and inspection centers, where the devices are inspected, graded and priced. For the orders placed on our Shanhui Youpin (閃回有品) online sales platform, we arrange our logistic service providers to deliver the procured devices from our operation and inspection centers to the customers' designated locations.

Our logistics management system has proven to be efficient leveraging the support of our BOSS System, which digitalizes all the information during warehousing and tracks the devices during transportation. Complemented with our integrated management information system, this logistics management system dynamically allocates the logistics resources based on the locations of our upstream sourcing partners' offline stores, individual consumers as well as our customers.

We have entered into service contracts with our logistic service providers which stipulate that they provide us with nationwide collection or delivery of consumer electronics, including collection or delivery of returned or exchanged goods. Delivery cost is typically settled on a basis of a calendar month. For the years ended December 31, 2023, 2024 and 2025, our costs paid to third-party logistic service providers amounted to approximately RMB16.3 million, RMB14.4 million and RMB14.7 million, respectively.

LICENSES AND PERMITS

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates that were material to our business operations from the relevant government authorities in the PRC. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Advisor, we do not expect any legal obstacles in such renewals so long as we meet the applicable requirements and conditions set by the relevant PRC government authorities and adhere to procedures set forth in the relevant PRC laws and regulations.

The table below sets forth a summary of the licenses and permits that we have obtained during the Track Record Period:

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date	Description
Value-added Telecommunications Business Operation License (增值電信業務經營許可證)	Shenzhen Tianhai	Ministry of Industry and Information Technology of the PRC	June 13, 2024	June 13, 2029	Online data processing and transaction processing services (limited to transactional e-commerce)
Value-added Telecommunications Business Operation License (增值電信業務經營許可證)	Shenzhen Shanhui	Ministry of Industry and Information Technology of the PRC	January 23, 2024	January 23, 2029	Online data processing and transaction processing services (limited to transactional e-commerce)
Approval for Value-added Telecommunications Business Pilot Operation (增值電信業務經營試點批覆)	Shenzhen Shanhui	Ministry of Industry and Information Technology of the PRC	July 4, 2025	July 4, 2030	Information service business (limited to information distribution platform and delivery service under Internet information service)
Radio Dealers Licence (Unrestricted) (無線電商牌照)	Shanhui Technology	Communications Authority (Hong Kong)	October 25, 2023	–	Possess and deal in the course of trade or business in apparatus or material for radiocommunications or in any component parts thereof

AWARDS AND RECOGNITIONS

We have received numerous awards and recognition in respect of our brand recognition, the quality of our products and services. The following table sets forth our major awards and recognitions:

Year of Award	Award/Recognition	Issuing Authority
2025	China Unicom Partner Conference Outstanding Contribution Award	China Unicom Limited (中國聯通有限公司)
2024.....................	Contribution to Green and Low Carbon Development Co-operation Award (踐行綠色低碳發展合作貢獻獎)	China Mobile Limited (中國移動有限公司)
2023.....................	WISE2023 King of Future Business Potential-Annual New Economy High Growth Enterprise (WISE2023未來商業潛力之王年度新經濟高成長企業)	36Kr Holdings Inc. (北京多氪信息科技有限公司, commonly known as "36氪")

Year of Award	Award/Recognition	Issuing Authority
2023	2022 Top 100 Shenzhen-Hong Kong-Macao Science and Technology Innovation Enterprises (2022深港澳科創新鋭企業Top 100)	Shenzhen-Hong Kong-Macao Science and Technology Innovation Committee (深港澳科創大會組委會)

EMPLOYEES

As of March 31, 2026, we had 228 full-time employees in the PRC. The table below sets forth the number of our full-time employees by function as at the date indicated:

	As of March 31, 2026	
Function	**Number of employees**	**% of total employees**
Inspection	45	19.7
Sales and marketing	38	16.7
Supply and procurement	48	21.1
Operations	39	17.1
Research and development	31	13.6
General management, finance and administration	27	11.8
Total	**228**	**100**

Our business and performance depend upon our ability to attract, motivate and retain a sufficient number of qualified employees. We recruit our employees based on a number of factors such as our vacancy needs and expansion plans, and the candidates' work experience, interpersonal skills and educational background. We typically hire through recruitment platforms and referrals. We enter into individual employment contracts with our employees, which set out, among other things, positions, salaries, working hours and other benefits. An employee's remuneration comprises a basic monthly salary, which correlates with the employee's position and skills, and a performance-based monthly remuneration, which is based on the employee's individual performance, if applicable. We also provide other benefits, including overtime pay and bonus to our employees. We also enter into standard confidentiality agreements with all of our employees, and non-competition agreements with some of our senior management team.

In accordance with the relevant PRC laws and regulations, we participate in 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. We make contributions to these plans at specified percentages of the salaries, bonuses and certain allowances of our employees. During the Track Record Period and up to the Latest Practicable Date, there was no labor union established by employees, and we have maintained a harmonious labor relationship with our employees and did not have any material labor dispute.

INTELLECTUAL PROPERTY

We regard our patents, software copyrights, trademarks, domain names, proprietary technologies and other intellectual property rights as the key to our success. As of the Latest Practicable Date, we had, in aggregate, 115 software copyrights, 64 registered trademarks, nine registered domain names, 20 registered patents and 10 patents in application in China. As advised by our PRC Legal Advisor, based on the public searches conducted on Patent Search and Analysis managed by the China National Intellectual Property Administration (the "**CNIPA**"), as of the Latest Practicable Date, our 10 patents in application were still under examination as to substance by the CNIPA and there were no public records indicating that our patent applications were rejected by the CNIPA. Our Directors are of the view that since these patent applications were under examination as to substance by the CNIPA, there is uncertainty as to whether the patent applications will be successful. Although there is no assurance that our patent applications will be approved by CNIPA, these patents in application do not involve our core technologies and therefore, the failure to obtain them will not have any material adverse impact on our business. For details about our intellectual property rights and other related information, please refer to "Appendix IV – Statutory and General Information – B. Further Information About Our Business – 2. Our intellectual property rights" in this document.

We have established an intellectual property ledger to record the relevant information of our intellectual property rights including the name, type and legal status. We have also adopted an Intellectual Property Management System to standardize the processes of creation, acquisition, management, utilisation, protection, and risk control of our intellectual properties. We rely on copyright, trademark and patent laws, as well as confidentiality and non-compete agreements with our employees and business partners to protect our proprietary rights. We file patent applications, and applications for trademarks and copyright registration in a timely manner, to protect our business from infringement of our intellectual property rights. To the best of our knowledge, information and belief, we have not encountered any material infringement of our intellectual property rights by third parties, nor had we had any serious violation of third-party intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

During the Track Record Period and up to the Latest Practicable Date, we did not make, and neither were we the subject of, any insurance claims that are of a material nature to us. We believe that our existing insurance coverage is sufficient for our business operations and customary for the consumer electronics recycling industry in the PRC. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – We Have Limited Insurance Coverage, which May Not Be Adequate to Cover All Risks of Losses Associate with Our Business Operation" in this document.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We are committed to protecting the environment and promoting corporate social responsibility and we consider environmental protection and the creation of a positive social impact to be an integral part of our business.

Corporate Governance

We have adopted an internal management policy on environmental, social and corporate governance ("**ESG**") responsibilities to guide our sustainable development. Our Board and senior management take the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks. Our human resource and administration department is responsible for the daily administration and management of ESG-related issues, including but not limited to formulating internal policies and bylaws related to corporate social responsibility, carrying out various forms of charitable and social welfare activities and ensuring that our Group fulfills its relevant information disclosure obligations. This department has also been tasked with the compilation and release of our ESG report, as well as the supervision and inspection of the safety production and quality management within our Group.

Furthermore, upon [**REDACTED**], our Directors confirm that they will closely monitor and ensure strict compliance with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Listing Rules and all relevant rules and regulations in relation to ESG aspects. To this end, our Board and senior management undertake to oversee the compilation of our ESG report, ensure implementation of ESG policies, monitor ESG-related performance and targets, and adjust ESG strategies.

Environmental Protection and Climate-related Matters

We consider protection of the environment to be important and our business inherently promotes sustainability by reducing electronic waste and extending the useful life of consumer electronic devices. We have implemented internal measures in the operation of our business to ensure compliance with applicable internal environmental laws and regulations in PRC. These environmental protection policies include reducing the consumption of water, electricity and paper and dedication to improving energy use efficiency, utilization of environmentally friendly materials and recycled content, adopting low-carbon technologies and designs, and reducing emissions of pollutants.

Going forward, we intend to implement training programs for our employees to deepen their understanding of our environmental protection principles and best practices for creating a sustainable environment. We also undertake to regularly assign personnel to check and ensure the proper implementation of our environmental protection policies, correct any non-compliance behavior and take appropriate remedial measures.

We acknowledge that climate-related issues pose a certain level of threat to us. Actual and potential climate-related risks identified can be classified into two major categories: physical risk and transitional risk. We define physical risks as risks that potentially cause physical impact our operations. Climate-related issues may bring increasing risks of severe extreme weather events, such as storms, typhoons and flooding. We may potentially be impacted by higher operation and maintenance cost, as well as an increase in insurance premium. The health and safety of our employees may also be endangered.

Due to climate change and climate-related issues, consumers may shift their preferences for products and services, while regulators may require more extensive ESG-related disclosures. Such transitional risks result in additional operating expenses. Potential transition risk may arise from technological advancement which may increase our operating costs or affect the competitiveness of our services. With regard to increasing responsibilities on ESG-related disclosure, we may be impacted by increased cost to execute more stringent monitoring measures on pollutant emissions and resource consumption.

In order to manage environmental, social and climate-related risks, our Directors will adhere to our established ESG policy and measures to tackle the risks regularly identified and minimize any potential risks inherent in our business operations. We also perform maintenance of our facilities, equipment and IT devices to minimize the risk of unmaintained facilities, equipment and IT devices causing damage to our office space, and endangering the health and safety of our employees.

To mitigate climate-related risks such as more frequent extreme weather conditions, we will put in place emergency plans against extreme weather conditions so that employees and other personnel be notified promptly any related measures. Furthermore, we will consult professional parties whenever necessary to ensure compliance with evolving requirements on resource consumption disclosures, and regularly communicate with different stakeholders on their views on climate-related issues.

Resource Utilization

The primary metrics we utilize to assess and manage our environmental and climate-related risks include water consumption and electricity consumption. Our operations do not directly generate electronic waste from the recycling of pre-owned consumer electronics as these devices are sold via our various sales channels, rather than being disposed of as scrap. Given the nature of our business, a substantial portion of our operations are conducted online with minimal direct impact on the environment and natural resources. For offline operational needs, such as the delivery of pre-owned mobile phones, we engage third-party logistics service providers to carry out these functions.

While our direct emissions and resource consumption are relatively low, we are committed to integrating sustainable practices into our operations. Guided by relevant environmental protection laws and regulations in the PRC, we have adopted specific metrics to monitor our environmental footprint, focusing primarily on resource consumption. During the Track Record Period, our key resource consumption indicators are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
Resource consumption			
Electricity			
– Total amount (kWh)	336,678.13	360,868.02	368,873.54
– Intensity* (kWh/sq.m./per month)	4.76	4.24	4.39
Water			
– Total amount (m^3)	3,965.5	1,969	1,766.59
– Intensity* (m^3/sq.m./per month)	0.06	0.02	0.02

* Calculated as the total amount of resource consumption divided by the gross floor area of our office premises

To enhance the efficient utilization of power and water resources, we have implemented and will continue to implement the following measures: (i) upgrading to energy-efficient lighting systems, such as LED fixtures, across our premises; (ii) mandating the power-down of electronic devices and lighting systems when not in active use; (iii) ensuring air conditioning systems are switched off after normal business hours and during non-working days; and (iv) actively promoting electricity and water conservation awareness among our employees. With the expansion of our business, we will endeavor to continue reducing our resource consumption or keeping it relatively stable.

During the Track Record Period, we did not incur any expenses in relation to the compliance with the applicable environmental laws and regulations. We expect our future annual costs in relation to environmental, health and workplace safety compliance to be immaterial. We believe that there are no significant environmental or climate-related risks which impact our business, strategy or financial performance.

Occupational Health and Safety and Corporate Policy

We are subject to the relevant PRC laws and regulations regarding labor and work safety. For further details, please refer to "Regulatory Overview – Regulations relating to Employment and Social Welfare" in this document.

In an effort to ensure the health and safety of our employees and to ensure compliance with applicable laws and regulations, we have incorporated a series of safety rules in our ESG management policy and carry out periodic inspection of our operation and inspection centers to eliminate any potentially hazardous working environment. Further, we strictly abide by the statutory requirements with respect to working hours and employee's right to leave and vacation. In addition, we hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. Moreover, we appreciate the services of our employees, and care about their wellbeing.

We did not experience any material workplace accident during the Track Record Period. Our PRC Legal Advisor confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties associated with any violation of applicable laws or regulations with respect to occupational health and work safety in the PRC.

DATA PRIVACY AND PROTECTION

We are well aware of the importance of personal information to users and committed to protecting user privacy through our Group-wide privacy protection policy. We are subject to various laws and regulations relating to data protection and privacy, as well as the collection and use of personal and behavioral data in China. Please refer to "Regulatory Overview – Regulations Relating to Cybersecurity, Data Security and Protection of Personal Information" in this document for further details.

In the ordinary course of our business, we from time to time collect and use certain personal information of our users, such as the user's name, address, phone number, bank account or other payment account, and order information, when it is necessary for users to conduct selling or buying activities, such as account registration, product information display and search, order placement, product delivery and after-sales customer services, and take measures to ensure that irrelevant personal information will not be collected. We display our privacy policy to the users and obtain their consent before using our software or provide personal information. Our privacy policy primarily sets forth the scope of personal information, how we collect, use, share, disclose and protect users' personal information and how users can manage their personal information provided to us.

We consider the protection of the data privacy of our customers to be of paramount importance. To ensure the confidentiality and integrity of our data, we have in place policies, procedures, software and technology infrastructure in relation to the collection, use, storage, retainment, transmission, destruction, backup and recovery of our consumer data. The organizational and technical safeguards as adopted can suffice the compliance requirements under applicable data protection laws and regulations of the PRC. Our data protection and privacy policies aim to ensure that (i) personal information we collect is necessary for and proportionate to the purposes for which it is collected and that our users are informed of the purposes for which their personal information is collected and used and of their rights with respect to such data, and (ii) the unauthorized access to, breach of, tampering with or loss of personal information can be detected and prevented throughout the data lifecycle. We maintain stringent control over access to personal information as well as strict assessment and approval procedures to prohibit invalid or illegitimate uses. Our database can only be accessed by certain designated and authorized personnel and we limit any access based on necessity and maintain records of data access. We have also designated personnel to be in charge of data security and personal information protection, and implemented policies on data security, data protection impact assessment, response to requests on exercising data subject rights, and response to data breach and other data security incidents. In addition, technical protective measures such as regular data back-up, data encryption, vulnerability monitoring and detection have been adopted to secure personal information of our users.

We store personal information of users collected in clouds operated by third-party cloud service providers. We strictly comply with applicable data privacy laws and regulations and do not share, transfer or publicly disclose users' personal information except in certain limited circumstances, including when such transfer or disclosure is expressly authorized by users, is necessary for providing services to users, or is in compliance with applicable laws and regulations. We only process users' personal information collected during the operation of our business in China and do not transfer such users' personal information outside of mainland China nor allow remote access from outside mainland China. Moreover, we have set forth certain data destruction rules in our policies and will delete the relevant user data upon the request of users or when users cancel their account. Meanwhile, we will, as far as possible, notify the other parties (if any) who have obtained such personal information from us and ask them to delete the relevant user data.

To ensure data privacy, we have adopted measures to erase user data stored in the pre-owned devices under our various business models. Under our offline store trade-in services and offline idle device mall-in recycling services, we will ask the front sales personnel of our upstream sourcing partners offline stores to require the individual consumer to erase the data on pre-owned consumer electronic devices before delivery. The front sales personnel typically helps reset the pre-owned consumer electronic device to factory settings in front of the individual consumer. Under the online mall trade-in service as well as other online recycling channels, we generally remind consumers to restore factory settings by way of acknowledgement of our terms and conditions. Once the consumer agrees to the final recycling price quote we provided, we will utilize our self-developed application to overwrite and erase the user data stored in such device.

Under our corporate recycling, as we procure majority of pre-owned consumer electronic devices from our upstream sourcing partners, mostly consumer electronic brands and mobile network operators which are subject to their own internal policy and requirement regarding data privacy, they will erase the user data, if any, in those consumer electronics before selling them to us. For demonstration devices, they will uninstall the demonstration system before transporting them to our inspection centers. After receiving the pre-owned consumer electronics from our upstream sourcing partners, we will utilize our self-developed application to overwrite and erase the user data stored in the pre-owned devices.

We use various technologies to encrypt confidential personal information and take other necessary measures to ensure the secured processing, transmission and usage of data. To minimize the risk of data loss or leakage, we employ a variety of technical solutions to prevent and detect risks and vulnerabilities in data privacy and security, such as firewall, vulnerability scanning, and conducting regular data backup. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge and belief of our Directors after making reasonable enquiries and as advised by our PRC Data Compliance Adviser, (i) we had not experienced any material hacking incident, data leakage, IT system failure or other cyber security incidents; (ii) we were not subject to any material penalty investigation, litigation or other legal proceedings relating to data privacy and protection, and (iii) we complied with all applicable laws and regulations on data privacy and security in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL

In order to identify, assess and mitigate the risks that may create impediments to our success, we have implemented a comprehensive set of risk management policies and procedures including anti-fraud regulations and risk management regulations, to identify, assess and manage risks that we are exposed to in our day-to-day operations. Our Company has established an audit committee to assist our Board of Directors in providing independent advice on the effectiveness of our Company's financial reporting process, risk management and internal control systems. Our Board of Directors and senior management are responsible for making risk assessment of our Group and preparing an annual risk assessment report.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], apart from establishing an audit committee, we have implemented, and will continue to implement, the following risk management and internal control measures on our Group level:

- We have established an employee feedback, anti-fraud and anti-money laundering policy which regulates our anti-fraud, anti-money laundering and employee complaint mechanism, provides a reporting channel for employees and establishes procedures for handling unethical conducts and conflict of interest matters submitted by the employees in a confidential and anonymous manner.

- We have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to connected transactions and information disclosure.

- We have adopted a risk management policy which clarifies the execution process and the monitoring procedures of our risk management, including financial risk management.

- We have adopted an internal control audit and supervision policy which formulates the organizational structure of the internal audit department and specifies the internal audit workflow.

In preparation for the [**REDACTED**], we engaged an independent internal control consultant to perform an independent review on the effectiveness and enforcement of our internal control policies and measures. The work scope of such internal control team covers reviewing and assessing various aspects of our operations, including (i) entity level controls, which covers employee training, board of directors and board committees, management philosophy, organizational structure, financial reporting, roles and responsibilities, human resources and legal and regulatory compliance, and (ii) business process level controls, which covers revenue and receivables, purchases and payables, inventory, human resource and payroll, assets, monetary fund, budgeting, insurance, accounting and reporting, tax, general controls of information technology, and intellectual property. We have improved our internal control system based on the recommendations of the internal control consultant, our Directors are of the view that our enhanced internal control system and measures currently in place, if implemented on a continuous basis, is adequate and effective for our current operations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may be involved, from time to time, in legal or administrative proceedings arising from the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings except as disclosed below:

In July 2021, Shenzhen Shanhui and Beijing Yiying Jiamei Technology Co., Ltd. (北京怡英嘉美科技有限公司) — a potential supplier principally engaged in the sale of consumer electronics ("**Yiying Jiamei**") — entered into a cooperation contract. According to the contract, Shenzhen Shanhui would provide Yiying Jiamei with a quotation to bid on a batch of pre-owned consumer electronics. If Shenzhen Shanhui was the successful bidder, Shenzhen Shanhui would be required to pay the amount of the quotation and pick up the goods. 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 Yiying Jiamei. After bidding successfully, Shenzhen Shanhui and Yiying Jiamei were not able to reach a consensus on adjustment to the quotation. In 2022, Yiying Jiamei initiated a civil lawsuit against Shenzhen Shanhui alleging that Shenzhen Shanhui failed to fulfil its contractual obligations to pick up and pay for the mobile phones sold to us in accordance with the relevant contract. On March 30, 2023, the Beijing (Chaoyang District) People's Court ruled against Shenzhen Shanhui and ordered, among others, Shenzhen Shanhui to pay RMB6 million for breach of contract to Yiying Jiamei within 10 days of the effective date of the judgement. Shenzhen Shanhui appealed to Beijing District People's Court, which rendered the final judgment dismissing our Company's appeal on July 31, 2023.

As the RMB6 million mentioned above was already paid and recorded as part of our other expenses for the year ended December 31, 2022, our Directors are of the view that this lawsuit will not have any material adverse impact on our business, results of operations or financial condition. Based on the court judgements mentioned above and as confirmed by our Directors, none of our Directors was involved in the above proceeding. Based on the foregoing, the Sole Sponsor is of the view that the Directors (i) are still able to satisfy the required level of skill, care and diligence for the management and operation of the Group; and (ii) continue to possess the character, experience and integrity and demonstrate a standard of competence commensurate with their position as directors of a [**REDACTED**] company.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration, or administrative penalties against us or our Directors that could, individually or in the aggregate, had a material adverse effect on our business, results of operations and financial condition.

Non-compliance Incidents

Our Directors confirm that, save as disclosed below, our Group had conducted our operations and carried out our business in compliance with the relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date in all material aspects:

Failure to make social insurance fund contributions and housing provident fund contributions in full

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 Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) and other relevant PRC laws and regulations in relation to our employees as 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.

The non-compliance incident in relation to the shortfall in payment was mainly due to the unwillingness of certain employees to make contributions of social insurance and housing provident fund in full for personal reasons, mainly considering the increase in their financial burden, and to participate in the social insurance schemes and housing provident fund schemes where they chose to participate in local pension schemes and housing provident fund schemes offered in their place of residency due to personal reasons.

According to relevant PRC laws and regulations, (a) in respect of outstanding social insurance contributions, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. Based on unpaid amount of our social insurance contribution of approximately RMB3.8 million, RMB4.5 million and RMB3.4 million for the years ended December 31, 2023, 2024 and 2025, respectively, the potential maximum fine which may be imposed on us if we fail to make required payments within the stipulated period required by the competent authority equals to three times of the outstanding amount of our social insurance contribution. If our Group is ordered to make payment for any such under-contribution of social insurance and overdue charge by competent government authority, we will do so within the prescribed time period and we do not expect to incur further fines; and (b) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period by the housing provident fund administrative center. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As advised by our PRC Legal Advisor, there are no expressed legal provisions or regulations that imposes a penalty on our Group for such under-payment but we may be ordered to pay the outstanding amount of our housing provident fund. And such outstanding amount is in the sum of approximately RMB1.4 million, RMB1.5 million and RMB1.1 million for the years ended December 31, 2023, 2024 and 2025, respectively. If we were ordered to make such payment, we will do so within the prescribed time period.

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.

According to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council to Effectively Stabilise the Collection of Social Insurance (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, local governmental authorities are prohibited from organizing and conducting centralized collection of enterprises' historical unpaid social insurance contributions without permission.

Our Directors believe that such non-compliance would not have a material adverse effect on our business and results of operations, considering that: (i) we had not been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date; (ii) as of the Latest Practicable Date, we did not have any outstanding notification from the relevant PRC authorities taking the initiative to require us to pay shortfalls or the penalties with respect to social insurance and housing provident funds; (iii) we were neither aware of any material pending employee complaints nor were involved in any material pending labor disputes with our employees with respect to social insurance and housing provident funds as of the Latest Practicable Date; and (iv) as advised by our PRC Legal Advisor, based on the relevant regulatory policies, the Company's confirmation on paying the outstanding contributions within prescribed time period when ordered to do so and the facts stated above, and the confirmations from and interviews with relevant authorities, the likelihood that we would be subject to material administrative penalties due to such non-compliance is relatively remote. As a result, we did not make any provisions in connection with these non-compliances during the Track Record Period and up to the Latest Practicable Date.

Furthermore, pursuant to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) promulgated by the Supreme People's Court on July 31, 2025 and effective on September 1, 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court. Our PRC Legal Adviser is of the view that the aforementioned judicial interpretation does not repeal the social insurance laws and regulations currently in force of the PRC.

As of the Latest Practicable date, (i) we had not entered into any agreement with our employees that no payment of social insurance would be required to be made by the Company; (ii) we had no outstanding lawsuit or arbitration in respect of payment of social insurance; and (iii) Mr. Liu, our Controlling Shareholder, has undertaken to indemnify us against all of outstanding shortfalls, penalties or damages in the event that we are required to pay any of outstanding contributions, or any overdue charges or penalties imposed by the relevant PRC authorities. Having considered the view of our PRC Legal Advisor, our Directors believe that (i) the implementation of the aforementioned judicial interpretation would not have a material adverse effect on our business or financial results, and (ii) no provision is required to be made in the historical financial information set forth in the Accountants' Report from Reporting Accountants for the shortfall in social insurance contributions, as an outflow of economic benefits is remote.

We have taken the following rectification measures to prevent future occurrences of such non-compliances: (i) we have provided and will continue to provide regular trainings to our employees in relation to social insurance fund and housing provident fund contributions compliance requirements and the relevant laws and regulations; and (ii) we have adopted a set of internal policies in relation to social insurance fund and housing provident fund contribution, and we will continue to maintain the arrangement that our local subsidiaries shall make their own social insurance and housing provident fund contributions instead of engaging any third-party agent to do so.