

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2024.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-40486

**ATRenew Inc.**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Cayman Islands**

**(Jurisdiction of incorporation or organization)**

**12th Floor, No. 6 Building, 433 Songhu Road, Shanghai  
The People's Republic of China  
+86 21 5290-7031**

(Address of principal executive offices)

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The People's Republic of China**

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American depositary shares (every three ADSs represent two Class A ordinary shares, par value US\$0.001 per share)	RERE	New York Stock Exchange
Class A ordinary shares, par value US\$0.001 per share*		New York Stock Exchange

\* Not for trading, but only in connection with the listing on the New York Stock Exchange of American depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**  
**(Title of Class)**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**  
**(Title of Class)**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

88,024,113 Class A ordinary shares (excluding (i) 2,323,377 Class A ordinary shares issued to our depository bank for the purpose of bulk issuance, (ii) 12,419,656 Class A ordinary shares underlying ADSs repurchased by the issuer, and (iii) 4,020,246 treasury shares), 47,240,103 Class B ordinary shares, and 11,287,336 Class C ordinary shares, par value US\$0.001 per share, as of December 31, 2024.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.  Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  Yes  No

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## INTRODUCTION

Except where the context otherwise requires and for purposes of this annual report only:

- “ADRs” are to the American depositary receipts which may evidence the ADSs;
- “ADSs” are to the American depositary shares, every three of which represent two Class A ordinary shares;
- “AHS,” “we,” “us,” “our company” and “our” are to our Cayman Islands holding company, ATRenew Inc. (formerly known as AiHuiShou International Co. Ltd.), its subsidiaries and, in the context of describing our operations and consolidated financial information, the consolidated affiliated entities, including Shanghai Wanwuxinsheng, during the effective period of the contractual agreements;
- “China” and the “PRC” are to the People’s Republic of China;
- “Class A ordinary shares” are to our Class A ordinary shares, par value US\$0.001 per share, conferring a holder of a Class A ordinary share one vote per share on all matters submitted for voting at general meetings of our company;
- “Class B ordinary shares” are to our Class B ordinary shares, par value US\$0.001 per share, conferring a holder of a Class B ordinary share three votes per share on all matters submitted for voting at general meetings of our company;
- “Class C ordinary shares” are to our Class C ordinary shares, par value US\$0.001 per share, conferring a holder of a Class C ordinary share fifteen votes per share on all matters submitted for voting at general meetings of our company;
- “executed transaction price” are to the transaction price that is not net of any coupons offered to the buyers on our marketplaces;
- “GMV” are to the total dollar value of goods distributed to merchants and consumers through transactions on our platform in a given period for which payments have been made, prior to returns and cancellations, excluding shipping cost but including sales tax; total GMV consists of GMV for product sales and GMV for online marketplaces; GMV for product sales measures the GMV from sales of phones and other consumer electronic goods through our platform; GMV for online marketplaces measures the GMV from third-party merchants and or consumers participating in our PJT and Paipai marketplaces;
- “number of consumer products transacted” are to the number of consumer products distributed to merchants and consumers through transactions on our PJT Marketplace, Paipai Marketplace and other channels we operate in a given period, prior to returns and cancellations, excluding the number of consumer products collected through AHS Recycle; a single consumer product may be counted more than once according to the number of times it is transacted on PJT Marketplace, Paipai Marketplace and other channels we operate through the distribution process to end consumer;
- “ordinary shares” are to our ordinary shares, par value US\$0.001 per share, which include Class A ordinary shares, Class B ordinary shares and Class C ordinary shares;
- “our platform” are to our overall business operations, including AHS Recycle, PJT Marketplace, Paipai Marketplace and AHS Device and other channels we operate;
- “RMB” and “Renminbi” are to the legal currency of China;
- “US\$,” “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States;
- “former VIE” or “Shanghai Wanwuxinsheng” are to Shanghai Wanwuxinsheng Information Technology Group Co., Ltd. (formerly known as Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.(上海万物新生环保科技集团有限公司) and Shanghai Yueyee Network Information Technology Co., Ltd. (上海悦易网络信息技术有限公司); and
- “WFOE” are to Shanghai Aihui Trading Co., Ltd.

Our reporting currency is the Renminbi. This annual report also contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise stated, all translations of Renminbi into U.S. dollars were made at RMB7.2993 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2024. We make no representation that the Renminbi or U.S. dollars amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all.

Due to rounding, numbers presented throughout this annual report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of current or historical facts are forward-looking statements. These forward-looking statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the pre-owned consumer electronics transactions and services market;
- our expectations regarding demand for our products and services;
- our expectations regarding our relationships with our consumers, third-party merchants, business partners, and other third parties;
- competition in our industry;
- government policies and regulations relating to our business; and
- general economic and business conditions globally and in China.

You should read this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

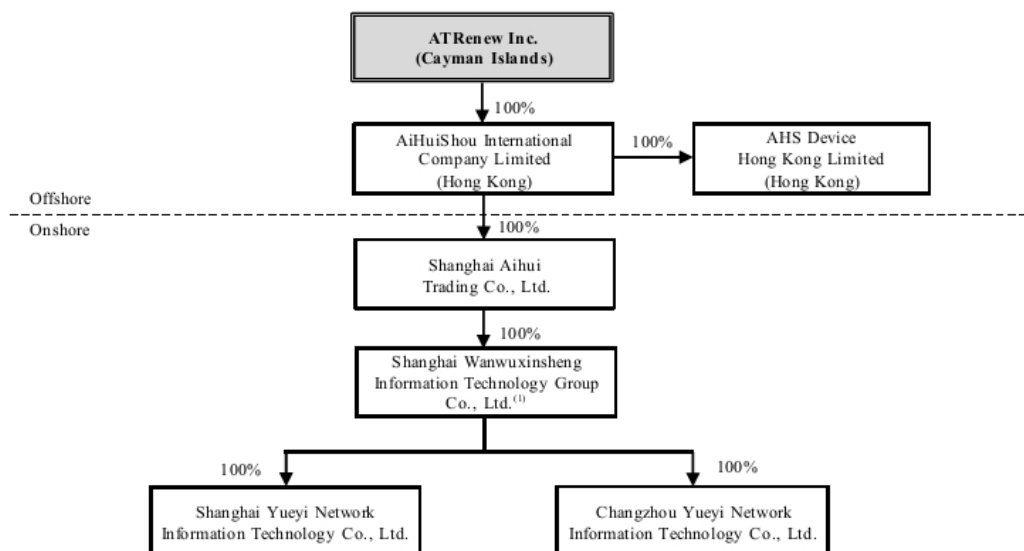
### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### Our Holding Company Structure

We are not an operating company but a Cayman Islands holding company with operations primarily conducted by our subsidiaries in China. The following diagram illustrates our corporate structure consisting of our principal subsidiaries as of the date of this annual report:



(1) Prior to April 2022, the variable interest entity structure was established through a series of contractual arrangements between Shanghai Aihui, Shanghai Wanwuxinsheng, i.e. the former VIE, and the shareholders of Shanghai Wanwuxinsheng. As a result of such contractual arrangements, financial results of Shanghai Wanwuxinsheng and its subsidiaries were consolidated in our consolidated financial statements under the U.S. GAAP. In April 2022, Shanghai Aihui acquired all equity interests of Shanghai Wanwuxinsheng from the shareholders of Shanghai Wanwuxinsheng, following which Shanghai Wanwuxinsheng became a subsidiary of our company and the variable interest entity structure was completely unwound.

ATRenew Inc. is a Cayman holding company and our operations are conducted primarily through subsidiaries in China. By purchasing the ADSs, you are purchasing interests in our Cayman holding company, as opposed to interests in our subsidiaries in China. Were this holding company structure to be challenged or disallowed by any regulatory authorities, our business operations would be materially and adversely affected and the value of the ADSs could significantly decline or become worthless. This holding company structure also involves certain risks in terms of dividend distribution, direct investment in entities in mainland China and obtaining benefits under the tax treaty. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our subsidiaries in mainland China to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business,” “Item 3. Key Information— D. Risk Factors—Risks Related to Doing Business in China—Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of financing activities to make loans or additional capital contributions to our mainland China subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business” and “Item 3.D. Key Information—D. Risk Factors—Risks Related to Doing Business in China— Mainland China regulations relating to offshore investment activities by mainland China residents may limit our mainland China subsidiaries’ ability to change their registered capital or distribute profits to us or otherwise expose us or our beneficial owners who are mainland China residents to liability and penalties under

mainland China law.” See also “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution.”

### ***Historical variable interest entity structure***

Prior to the unwinding of the variable interest entity structure in April 2022, Shanghai Aihui was a party to a series of contractual arrangements with Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng, which allowed us to (i) have the power to direct activities of Shanghai Wanwuxinsheng that most significantly affect its economic performance, (ii) receive all economic benefits of Shanghai Wanwuxinsheng; and (iii) have an exclusive option to purchase all of the equity interests in Shanghai Wanwuxinsheng when and to the extent permitted by laws and regulations in mainland China, and thus satisfying the conditions for consolidation of the former VIE under U.S. GAAP.

### **The Holding Foreign Companies Accountable Act**

Pursuant to the Holding Foreign Companies Accountable Act, which was amended by the Consolidated Appropriations Act, 2023 in December 2022, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States and the NYSE may determine to delist the ADSs. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor, the headquarters of which is located in mainland China. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of the annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China— The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors of the benefits of such inspections” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

### **Doing Business in China**

We face various risks and uncertainties related to doing business in China. Our business operations are primarily conducted in mainland China and we are subject to complex and evolving laws and regulations in mainland China. For example, we face risks associated with regulatory approvals on offshore offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy, which may impact our ability to conduct certain businesses, accept foreign investments, or list on a United States or other foreign exchange. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline. For a detailed

description of risks related to doing business in China, please refer to risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China.”

The PRC government’s significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government’s significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.”

Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us.”

### **Permissions Required from the PRC Authorities for Our Operations and Securities Offerings**

Our operations in mainland China are governed by laws and regulations in mainland China. Based on laws and regulations currently in effect in mainland China and the advice of our PRC counsel, Han Kun Law Offices, as of the date of this annual report, we have obtained licenses, permits and approvals from the government authorities in mainland China that are necessary for the business operations of our subsidiaries in mainland China, i.e. (i) the business license, (ii) the license for value-added telecommunications services for online data processing and transaction processing (limiting to commercial e-commerce), (iii) the food operation license for selling prepackaged food and alcoholic commodities and (iv) the approval for enterprises implementing other work hours system for implementing flexible work hours system and comprehensive work hours system for certain employees of our headquarters, certain offline AHS stores and operation centers. Our Hong Kong intermediate holding companies have also obtained licenses, permits and approvals that are necessary for the business operations in Hong Kong. For more information, see “Item 4. Information on the Company—B. Business Overview—Regulation.” Given the uncertainties of interpretation and implementation of laws and regulations and the enforcement practice by government authorities, we may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. If we and our subsidiaries (i) do not receive or maintain any necessary permissions or approvals from PRC authorities to operate business, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) if applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we cannot assure you that we will be able to obtain the necessary permissions or approvals in a timely manner, or at all, and such permissions and approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our ability to continue to offer securities to investors, and cause the value of our ADSs to significantly decline or be worthless. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Failure to obtain certain filings, approvals, licenses, permits and certificates required for our business operations may materially and adversely affect our business, financial condition and results of operations” and “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us.”

Furthermore, in connection with our past issuance of securities to foreign investors through public offering, under current laws, regulations and regulatory rules in mainland China, based on the legal advice of our PRC counsel, Han Kun Law Offices, as of the date of this annual report, we (i) have not been required to obtain permissions from the China Securities Regulatory Commission, or the CSRC, (ii) have not been required to go through cybersecurity review by the Cyberspace Administration of China, and (iii) have not been required to obtain or denied such permissions from any other government authority in mainland China. On February 17, 2023, the CSRC released several regulations regarding overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines and the Notice on Administrative Arrangements for the Filing of Domestic Enterprise’s Overseas Offering and Listing, collectively, the Overseas Listing Filing Rules, which took effect on March 31, 2023. The Overseas

Listing Filing Rules establish new requirements and procedures, essentially filing procedures, for direct or indirect overseas issuance of listed and traded securities by “domestic enterprises.” According to the Overseas Listing Filing Rules, and as advised by our PRC counsel, issuers that had completed overseas listings before March 31, 2023, such as our company, are not required to file with the CSRC in accordance with the Overseas Listing Filing Rules immediately, but will be required to complete certain filing procedures with the CSRC in connection with future securities offerings and listings outside of mainland China, including follow-on offerings, issuance of convertible bonds, offshore relisting after going-private transactions, and other equivalent offering activities. With respect to the cybersecurity review by the Cyberspace Administration of China, our PRC counsel has consulted the government authority in mainland China, which confirmed that, under the currently effective laws and regulations in mainland China, a company already listed on a foreign stock exchange before promulgation of the latest Measures for Cybersecurity Review is not required to go through a cybersecurity review by the Cyberspace Administration of China to maintain its listing status on the foreign stock exchange on which its securities have been listed. Therefore, we believe that under the currently effective laws and regulations in mainland China, we are not required to go through a cybersecurity review by the Cyberspace Administration of China for our past issuance of securities to foreign investors through public offering and maintaining our listing status on the NYSE. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of the CSRC or other PRC government authorities may be required in connection with our future offshore offerings under mainland China law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval.”

### **Transfer of Funds and Other Assets Within Our Organization**

ATRenew Inc. transfers cash to its wholly-owned subsidiaries in Hong Kong by providing loans and making capital contributions, and the Hong Kong subsidiaries transfer cash to the subsidiaries in mainland China by making capital contributions and providing loans to them. Because ATRenew Inc. and its subsidiaries did not own equity interests of the former VIE prior to unwinding of the variable interest entity structure, they were not able to make direct capital contribution to the former VIE and its subsidiaries. However, if the former VIE and its subsidiaries were ever to need financial support, ATRenew Inc. and its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to the former VIE through loans to the shareholders of the former VIE, who in turn inject the amount into the former VIE as capital contribution or entrustment loans to the former VIE and its subsidiaries.

Shanghai Aihui Trading Co., Ltd. and Shanghai Yueou Information Technology Co., Ltd. (the “Two Shanghai Subsidiaries”), transferred cash to the former VIE and its subsidiaries of RMB351.6 million in the period before the complete unwinding of the variable interest entity structure in 2022 by providing loans. The Two Shanghai Subsidiaries received loan repayments from the former VIE and its subsidiaries of RMB175.0 million in the period before the completely unwinding of the variable interest entity structure in 2022.

The Company’s intermediate holding company, i.e. AiHuiShou International Company Limited, transferred cash to the Two Shanghai Subsidiaries, including the cash transferred to the former VIE and its subsidiaries after the complete unwinding of the variable interest entity structure, of RMB1,801.6 million in 2022, nil in 2023 and RMB2,330.7 million in 2024 by providing loans. The Company’s intermediate holding company received loan repayments from the Two Shanghai Subsidiaries of RMB1,785.0 million in 2022, RMB511.5 million in 2023 and RMB2,881.1 million in 2024.

The Company transferred cash to its intermediate holding company of RMB595.1 million in 2022, RMB14.6 million in 2023 and RMB226.6 million in 2024 by making capital contributions, and the Company received cash from its intermediate holding company as investment returns of RMB804.7 million in 2022, RMB223.2 million in 2023 and RMB450.1 million in 2024.

There were no other transfer of assets, dividends or distributions made between the Company, the former VIE and the Two Shanghai Subsidiaries, and no transfer of cash or other assets, dividends or distributions made to U.S. investors for the years ended December 31, 2022, 2023 and 2024. Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gains. In addition, upon payments of dividends to our shareholders, no Cayman Islands withholding tax will be imposed. Our mainland China and Hong Kong subsidiaries and the former VIE have incurred cumulative losses since inception. We have no current intention to pay dividends to our shareholders.

The former VIE and its subsidiaries may transfer cash to the WFOE by service fees charged at an amount equals to all pre-tax income of the former VIE for the complete business support and technical and consulting services provided by WFOE. Due to the continuous loss generated by the former VIE, no service fees were charged by WFOE before the completely unwinding of the variable interest entity structure in 2022.

Our subsidiaries in mainland China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under laws in mainland China, our subsidiaries in mainland China are required to allocate at least 10% of their after-tax profits each year profits on an individual company basis as determined under PRC accounting standards to the statutory reserve and has the right to discontinue allocations to the statutory reserve if such reserve has reached 50% of registered capital on an individual company basis. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. As a result of these mainland China laws and regulations, our mainland China subsidiaries are restricted in their ability to transfer a portion of their net assets, including share capital and the statutory reserve, either in the form of dividends, loans or advances. Such restricted portion amounted to RMB481.8 million, RMB3,024.9 million and RMB3,692.9 million as of December 31, 2022, 2023 and 2024, respectively.

To the extent cash or assets in the business is in mainland China or Hong Kong or a mainland China or Hong Kong subsidiary, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to imposition of restrictions and limitations on the ability of the Company or its subsidiaries by the PRC government to transfer cash or assets. For further details, see “Item 3. Key Information—D. Risk Factors—We may rely on dividends and other distributions on equity paid by our subsidiaries in mainland China to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.”

Neither our subsidiaries nor the former VIE is obligated to make dividends or distributions to our company under the contractual arrangements. To date, no dividends or distributions have been made to our company by our subsidiaries or the former VIE.

We have established a centralized cash management policy to direct how funds are transferred between the Company and its subsidiaries to improve the efficiency and ensure the security of cash management. Our cash management program is centralized within our funds and payment center. Funds are deployed to each operating entity based on the budget and operating conditions of each operating entity. The funds and payment center is responsible for the centralized management of cash inflows and outflows of our operating entities. Each cash requirement, after raised by an operating entity, is required to go through a review process by our funds and payment center. We will transfer the cash to the bank account of the operating entity after the application for cash requirement is approved by the Funds and Payment Center. Furthermore, the funds will be transferred in accordance with the applicable laws and regulations discussed under “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution.”

#### **A. Selected Financial Data**

The following selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2022, 2023 and 2024, selected consolidated balance sheets data as of December 31, 2023 and 2024, and selected consolidated statements of cash flows data for the years ended December 31, 2022, 2023 and 2024 have been derived from our audited consolidated financial statements included in this annual report beginning on page F-1. The selected consolidated statements of operations and comprehensive loss data for the years ended December 31,

2020 and 2021, the selected consolidated balance sheets data as of December 31, 2020, 2021 and 2022, and the selected consolidated statements of cash flows data for the years ended December 31, 2020 and 2021 have been derived from our audited consolidated financial statements not included in this annual report. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Selected Consolidated Financial Data section together with our consolidated financial statements and the related notes and “Item 5. Operating and Financial Review and Prospects” below.

The following table presents our selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2020, 2021, 2022, 2023 and 2024:

	For the Years Ended December 31,										
	2020		2021		2022		2023		2024		
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages, share numbers and per share data)										
<b>Net revenues</b>											
Net product revenues	4,244,023	87.4	6,654,893	85.5	8,676,672	87.9	11,658,298	89.9	14,844,416	2,033,677	90.9
Net service revenues	614,176	12.6	1,125,382	14.5	1,192,752	12.1	1,307,484	10.1	1,483,984	203,305	9.1
<b>Total net revenues</b>	<b>4,858,199</b>	<b>100.0</b>	<b>7,780,275</b>	<b>100.0</b>	<b>9,869,424</b>	<b>100.0</b>	<b>12,965,782</b>	<b>100.0</b>	<b>16,328,400</b>	<b>2,236,982</b>	<b>100.0</b>
<b>Operating (expenses) income</b>											
Merchandise costs	(3,610,434)	(74.3)	(5,735,393)	(73.7)	(7,596,613)	(77.0)	(10,338,870)	(79.7)	(13,086,418)	(1,792,832)	(80.1)
Fulfillment expenses	(666,317)	(13.7)	(1,062,066)	(13.7)	(1,123,495)	(11.4)	(1,123,994)	(8.7)	(1,382,273)	(189,371)	(8.5)
Selling and marketing expenses	(740,542)	(15.2)	(1,206,649)	(15.5)	(1,536,052)	(15.6)	(1,250,860)	(9.6)	(1,367,028)	(187,282)	(8.4)
General and administrative expenses	(177,542)	(3.7)	(433,629)	(5.6)	(230,421)	(2.3)	(265,981)	(2.1)	(306,782)	(42,029)	(1.9)
Technology and content expenses	(151,536)	(3.1)	(264,560)	(3.4)	(227,812)	(2.3)	(195,679)	(1.5)	(210,364)	(28,820)	(1.3)
Goodwill impairment loss	—	—	—	—	(1,819,926)	(18.4)	—	—	—	—	—
Other operating income, net	29,395	0.6	26,950	0.3	41,238	0.4	36,264	0.3	53,434	7,320	0.4
<b>Income (loss) from operations</b>	<b>(458,777)</b>	<b>(9.4)</b>	<b>(895,072)</b>	<b>(11.6)</b>	<b>(2,623,657)</b>	<b>(26.6)</b>	<b>(173,338)</b>	<b>(1.3)</b>	<b>28,969</b>	<b>3,968</b>	<b>0.2</b>
Interest expense	(21,090)	(0.5)	(16,778)	(0.2)	(6,163)	(0.1)	(7,056)	(0.1)	(15,016)	(2,057)	(0.1)
Interest income	9,321	0.2	8,370	0.1	17,780	0.2	37,875	0.3	26,861	3,680	0.2
Other (loss) income, net	(39,866)	(0.8)	(50,367)	(0.6)	38,791	0.4	(5,887)	(0.1)	(41,256)	(5,652)	(0.3)
<b>Loss before income taxes and share of loss in equity method investments</b>	<b>(510,412)</b>	<b>(10.5)</b>	<b>(953,847)</b>	<b>(12.3)</b>	<b>(2,573,249)</b>	<b>(26.1)</b>	<b>(148,406)</b>	<b>(1.2)</b>	<b>(442)</b>	<b>(61)</b>	<b>0.0</b>
Income tax benefits	47,320	1.0	143,863	1.8	111,783	1.1	42,530	0.3	56,877	7,792	0.3
Share of loss in equity method investments	(7,526)	(0.2)	(6,563)	(0.1)	(6,471)	(0.1)	(50,374)	(0.4)	(64,664)	(8,859)	(0.4)
<b>Net loss</b>	<b>(470,618)</b>	<b>(9.7)</b>	<b>(816,547)</b>	<b>(10.6)</b>	<b>(2,467,937)</b>	<b>(25.1)</b>	<b>(156,250)</b>	<b>(1.3)</b>	<b>(8,229)</b>	<b>(1,128)</b>	<b>(0.1)</b>
<b>Net loss per share attributable to ordinary shareholders:</b>											
Basic	(94.51)		(13.76)		(15.16)		(0.96)		(0.05)		—
Diluted	(94.51)		(13.76)		(15.16)		(0.96)		(0.05)		—
<b>Weighted average number of shares used in calculating net loss per ordinary share</b>											
Basic	18,782,620		96,306,113		162,819,410		162,160,835		161,618,799		—
Diluted	18,782,620		96,306,113		162,819,410		162,160,835		161,618,799		—

The following table presents our selected consolidated balance sheets data as of December 31, 2020, 2021, 2022, 2023 and 2024:

	As of December 31,					
	2020	2021	2022	2023	2024	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Cash and cash equivalents	918,076	1,356,342	1,703,626	1,978,696	1,970,183	269,914
Restricted cash	—	150,000	—	210,000	132,000	18,084
Short term investments	97,866	510,467	782,230	410,547	583,764	79,975
Total current assets	1,874,638	4,150,845	3,890,178	4,526,719	4,169,356	571,199
Intangible assets, net	1,367,841	1,075,811	544,650	270,631	56,603	7,755
Goodwill	1,803,415	1,803,415	—	—	—	—
Restricted cash included in the other non-current assets	—	—	—	2,000	500	68
Total non-current assets	3,351,700	3,351,917	1,158,577	966,360	921,365	126,227
Total assets	5,226,338	7,502,762	5,048,755	5,493,079	5,090,721	697,426
Total current liabilities	1,183,539	824,664	1,022,248	1,691,465	1,306,991	179,057
Total non-current liabilities	374,584	257,639	144,835	90,153	89,178	12,217
Total liabilities	1,558,123	1,082,303	1,167,083	1,781,618	1,396,169	191,274
Total mezzanine equity	8,879,894	—	—	—	—	—
Total shareholders' (deficit) equity	(5,211,679)	6,420,459	3,881,672	3,711,461	3,694,552	506,152

The following table presents our selected consolidated statements of cash flows data for the years ended December 31, 2020, 2021, 2022, 2023 and 2024:

	For the Years Ended December 31,					
	2020	2021	2022	2023	2024	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Net cash (used in) provided by operating activities	(412,868)	(1,017,962)	881,297	243,898	642,807	88,064
Cash provided by (used in) investing activities	18,625	(670,402)	(516,683)	172,013	(424,401)	(58,142)
Cash provided by (used in) financing activities	929,962	2,289,623	(186,043)	68,703	(307,708)	(42,156)
Effect of foreign exchange rate changes on cash and cash equivalents	(28,426)	(12,993)	18,413	2,456	1,289	176
Net increase (decrease) in cash, cash equivalents and restricted cash	507,293	588,266	196,984	487,070	(88,013)	(12,058)
Cash, cash equivalents and restricted cash at the beginning of the year	411,083	918,376	1,506,642	1,703,626	2,190,696	300,124
Cash, cash equivalents and restricted cash at the end of the year	918,376	1,506,642	1,703,626	2,190,696	2,102,683	288,066

### Non-GAAP Financial Measures

We use adjusted (loss) income from operations and adjusted net (loss) income, non-GAAP financial measures, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted (loss) income from operations represents (loss) income from operations excluding the impact of the impairment loss of deferred cost, intangible assets and goodwill, share-based compensation expenses and amortization of intangible assets and deferred cost resulting from assets and business acquisitions. Adjusted net (loss) income represents net (loss) income excluding the impact of the impairment loss of deferred cost, intangible assets and goodwill, share-based compensation expenses and amortization of intangible assets and deferred cost resulting from assets and business acquisitions, and

tax effect of impairment loss of deferred cost and intangible assets and amortization of intangible assets and deferred cost resulting from assets and business acquisitions.

We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. We believe that adjusted (loss) income from operations and adjusted net (loss) income help identify underlying trends in our business that could otherwise be distorted by the effect of certain transactions that are included in loss from operations and net loss. We also believe that the use of the non-GAAP financial measures facilitates investors' assessment of our operating performance. We believe that adjusted (loss) income from operations and adjusted net (loss) income provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision making.

Adjusted (loss) income from operations and adjusted net (loss) income should not be considered in isolation or construed as an alternative to loss from operations and net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review our historical adjusted net (loss) income to the most directly comparable U.S. GAAP measures. Adjusted (loss) income from operations and adjusted net (loss) income presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The following table reconciles our adjusted (loss) income from operations and adjusted net (loss) income for the periods indicated to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, which are loss from operations and net loss for the periods indicated:

	Years ended December 31,			
	2022	2023	2024	US\$
	RMB	RMB	RMB	US\$
	(in thousands, except for share numbers and per share data)			
<b>Income (loss) from operations</b>	<b>(2,623,657)</b>	<b>(173,338)</b>	<b>28,969</b>	<b>3,968</b>
<b>Add:</b>				
Share-based compensation expenses	174,236	134,402	166,741	22,844
Amortization of intangible assets and deferred cost resulting from assets and business acquisitions	359,068	290,677	214,028	29,321
Impairment loss of deferred cost, intangible assets and goodwill	2,097,257	—	—	—
<b>Adjusted income from operations</b>	<b>6,904</b>	<b>251,741</b>	<b>409,738</b>	<b>56,133</b>
<b>Net loss</b>	<b>(2,467,937)</b>	<b>(156,250)</b>	<b>(8,229)</b>	<b>(1,128)</b>
<b>Add:</b>				
Share-based compensation expenses	174,236	134,402	166,741	22,844
Amortization of intangible assets and deferred cost resulting from assets and business acquisitions	359,068	290,677	214,028	29,321
Impairment loss of deferred cost, intangible assets and goodwill	2,097,257	—	—	—
<b>Less:</b>				
Tax effects of impairment loss of deferred cost and intangible assets and amortization of intangible assets and deferred cost resulting from assets and business acquisitions	(111,783)	(43,654)	(58,414)	(8,003)
<b>Adjusted net income</b>	<b>50,841</b>	<b>225,175</b>	<b>314,126</b>	<b>43,034</b>

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

**Summary of Risk Factors**

An investment in our ADSs involves significant risks. You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our ADSs. Below is a summary of material risks we face, organized under relevant headings. The operational risks associated with being based in and having operations in mainland China also apply to operations in Hong Kong. While entities and businesses in Hong Kong operate under different sets of laws from mainland China, the legal risks associated with being based in and having operations in mainland China could apply to our operations in Hong Kong, if the laws applicable to mainland China become applicable to entities and businesses in Hong Kong in the future. Full-fledged discussion of these risks can be found in the section headed “Risk factors.”

***Risks Related to Our Business and Industry***

Risks and uncertainties relating to our business and industry include, but are not limited to, the following:

- Our industry is rapidly evolving and our business model may not continue to be successful or achieve wide acceptance as we anticipated;
- If we fail to attract and engage consumers, third-party merchants or other participants in the pre-owned consumer electronics value chain, or provide them with superior experience, our business and reputation may be materially and adversely affected;
- If we are unable to maintain our existing customer base and attract new customers, our business, financial condition and results of operations may be materially and adversely affected;
- Any deterioration in our relationships with our major business partners, such as JD Group, may adversely affect our business prospects and business operations;
- If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected;
- We incurred net losses and had negative net cash flows from operating activities in the past, which may continue or happen again in the future;
- The growth and profitability of our business depend on the level of consumer demand and discretionary spending. A severe or prolonged economic downturn in China or around the world could materially and adversely affect consumer discretionary spending and therefore adversely affect our business, financial condition and results of operations;
- We may not be able to effectively and accurately inspect, grade and price pre-owned goods, in particular, consumer electronics;
- The price differences between our collection and resale of pre-owned consumer electronics in connection with the transactions we operate directly and the fees we charge from transactions on our online marketplaces may fluctuate or decline in the future. Any material decrease in such fees or price differences would harm our business, financial condition and results of operations;
- If we are unable to expand our AHS store network successfully, our business or results of operations would be adversely affected;

- We rely on our AHS store partners to expand our AHS store network. Failure by our AHS store partners to provide satisfactory products or services and successfully operate offline AHS stores or any illegal actions or misconduct of our AHS store partners could materially and adversely harm our reputation, business and results of operations;
- Failure to successfully operate offline AHS stores could materially and adversely harm our reputation, business and results of operations;
- The successful operations of our PJT Marketplace and Paipai Marketplace depend on our ability to maintain and attract more third-party merchants and consumers to our online marketplaces;
- We are subject to various risks in connection with our cooperation with third-party merchants;
- Privacy concerns relating to pre-owned consumer electronics and the collection, store and use of customer information could deter current and potential customers from choosing our products or services, damage our reputation, impede our business growth and thus negatively impact our business;
- Our expansion into new product categories and offering of new services may expose us to new challenges and more risks; and
- We are subject to various risks in connection with our repair and refurbishment business.

### ***Risks Related to Doing Business in China***

Our business operations are primarily conducted in mainland China and we are subject to complex and evolving laws and regulations in mainland China as well as risks and uncertainties relating to doing business in mainland China in general, including, but are not limited to, the following:

- Changes in China’s economic, political or social conditions or government policies could have a material adverse effect on our business and operation. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Changes in China’s economic, political or social conditions or government policies could have a material adverse effect on our business and operations” on page 44 for more details;
- Uncertainties with respect to the legal system in mainland China and changes in laws and regulations in mainland China could adversely affect us. Certain laws and regulations in mainland China can change quickly, creating risks and uncertainties with respect to their interpretation and enforcement. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us” on page 44 for more details;
- The PRC government, through the evolving regulatory system, has significant oversight over our business operation and may intervene or influence our operations and exert more oversight and control over our operations and offerings conducted overseas and/or foreign investment in, China-based issuers, which could result in a material adverse change in our operations and the value of our ADSs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government’s significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs” on page 45 for more details;
- Litigation and negative publicity surrounding China-based companies listed in the U.S. may result in increased regulatory scrutiny of us and negatively impact the trading price of the ADSs and could have a material adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Litigation and negative publicity surrounding China-based companies listed in the U.S. may result in increased regulatory scrutiny of us and negatively impact the trading price of the ADSs and could have a material adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects” on page 46 for more details;
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in mainland China against us, our directors, or our management based on foreign laws.

See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us, our directors, or our management based on foreign laws” on page 46 for more details;

- The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors of the benefits of such inspections. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China— The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors of the benefits of such inspections” on page 43 for more details; and
- Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment” on page 43 and 44 for more details.

As of the date of this annual report, the laws or regulations currently effective in Hong Kong regarding data security are not applicable to our business operations in Hong Kong. As such, we believe that data security laws and regulations in Hong Kong have no impact on our business operations in Hong Kong. However, new laws or regulations related to data security in Hong Kong may be enacted or promulgated in the future, and such laws and regulations may have a material impact on our business in Hong Kong. For a detailed description of risks related to doing business in China, please refer to risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China.”

#### ***General Risks Related to The ADSs***

In addition to the risks described above, we are subject to general risks related to the ADSs and this offering, including, without limitation, the following:

- The trading price of our ADSs may be volatile, which could result in substantial losses to you;
- Our triple-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial;
- The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise the same rights as our shareholders; and
- You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

#### **Risks Related to Our Business and Industry**

***Our industry is rapidly evolving and our business model may not continue to be successful or achieve wide acceptance as we anticipated.***

The pre-owned consumer electronics transactions and services industry in China is still at an early stage of development and is rapidly evolving. There are few well-established and widely-accepted transactions and services platforms for pre-owned consumer electronics, nor are there any industry standards in pricing pre-owned consumer electronics and the pre-owned consumer electronics transactions and services market in general. Since the commencement of our business operations in 2011, we have also been trying different business strategies to explore the most effective business model for our operations. Although we are now the leader in the pre-owned consumer electronics transactions and services industry in China, we believe that our business model is novel and we have a

limited operating history on which investors can evaluate our business and prospects. Specifically, we only began operating our merchant online marketplace, PJT, in late 2017 and our consumer online marketplace, Paipai, in 2019 and we have not yet demonstrated our ability to generate significant revenue or be profitable. There is no guarantee that our business model will continue to be successful or achieve wide acceptance as quickly or in a magnitude as we anticipated. As there are few comparable companies and established players in the market, we have to explore different business practices, formulate pricing strategies, set up procedures and standards by ourselves and learn from our own experience. Given that we have a limited history operating online marketplaces, we cannot assure you that we will be able to successfully anticipate and respond to industry trends and customer behavior, especially as we continue to broaden our customer base and diversify our product offerings. Potential investors in our ADSs should carefully consider the risks and difficulties frequently encountered by companies in an early stage of development, as well as the risks we face due to our participation in a new and rapidly evolving industry, and our attempt to execute on a new and untested business model. Our business model may not be successful, or we may not successfully overcome the risks associated with this business model.

***If we fail to attract and engage consumers, third-party merchants or other participants in the pre-owned consumer electronics value chain, or provide them with superior experience, our business and reputation may be materially and adversely affected.***

The success of our business hinges on our ability to engage consumers, third-party merchants or other participants in the pre-owned consumer electronics value chain and our ability to provide a superior experience to them, which in turn depends on a variety of factors. These factors include our ability to

- expand into new product categories and provide additional value-added services in a timely manner to address evolving demand of consumers and third-party merchants,
- maintain the reliability of our inspection, grading and pricing process,
- deliver to consumers and third-party merchants products of quality that meet their expectations,
- attract and manage consumers and third-party merchants on our online marketplaces,
- continue to offer competitive prices for pre-owned consumer electronics/goods,
- continue to cooperate with existing business partners or develop new business partners,
- continue to innovate and enhance the functionality, performance, reliability, design, security, and scalability of our platform,
- maintain and improve operating efficiency, reliability and customer experience of online transactions and service quality of our offline networks and personnel,
- continue to expand our AHS store networks,
- leverage technology and data to improve our services, and
- provide superior after-sales service.

We cannot guarantee you that we will always be able to provide a superior experience to consumers and third-party merchants as our business continues to evolve. Failure to do so could materially and adversely affect our business, financial condition and results of operations.

***If we are unable to maintain our existing customer base and attract new customers, our business, financial condition and results of operations may be materially and adversely affected.***

Our future growth depends on our ability to maintain our existing customer base and attract new customers, including consumers and third-party merchants, to our platform. In order to expand our customer base, we have established our platform with both online and offline channels to maximize our access to potential consumers who intend to trade in or sell their personal electronics. We have also cooperated with well-known cell phone brands to provide potential buyers with a trade-in option. In addition, we also partnered with JD Group to acquire user traffic for our platform. However, we cannot assure you we will be successful in maintaining our existing customer base and

attracting new customers. The pre-owned consumer electronics transactions and services industry in China is still at an early stage of development. Consumers may not be willing to trade in or recycle their personal electronics or purchase pre-owned consumer electronics for various reasons. Our existing consumers who are receptive to trade-in or recycling of personal electronics or purchasing pre-owned consumer electronics may find services provided by our competitors more attractive and choose to trade in, recycle or purchase on our competitors' platforms. As a result, we may not be able to effectively maintain and grow our customer base, which would result in a lower volume of pre-owned consumer electronics traded on our platform and thus negatively and adversely affect our business, financial condition and results of operations. Furthermore, public perception that pre-owned consumer electronics sold on our platform may be counterfeit or defective, even if factually incorrect or based on isolated incidents, could damage our reputation and have a negative impact on our ability to attract new customers or retain existing customers. If we are unable to maintain or increase positive awareness of our platform and our services, it may be difficult for us to maintain and grow our customer base, and our business, growth prospects, results of operations and financial condition may be materially and adversely affected.

***Any deterioration in our relationships with our major business partners, such as JD Group, may adversely affect our business prospects and business operations.***

Collaboration with our business partners such as JD Group and consumer electronics brands has been our key strategy to grow our customer base and increase the supply of pre-owned consumer electronics. Our business has benefited from our collaborations with our major business partners and we expect to continue to rely on them for the foreseeable future. See "Item 4. Information on the Company— B. Business Overview—Our Strategic Partners" for more details of our collaboration with our business partners. If we are unable to maintain our cooperative relationships with any of these business partners, it may be very difficult for us to identify qualified alternative business partners, and may divert significant management attention from existing business operations and adversely impact our daily operation.

In June 2019, we entered into a five-year framework business cooperation agreement, as amended, with JD Group. In May 2024, we renewed the business cooperation agreement with JD Group for a term from June 1, 2024 to December 31, 2027. The cooperation with JD Group will continue in areas such as user traffic, technology support, and logistics, among others. In 2024, the GMV of the pre-owned consumer electronics we collected through our AHS Recycle from JD Group's platforms accounted for approximately 13.5% of our total GMV. If we are unable to maintain our collaboration with JD Group or if JD Group builds or invests in similar business as ours after the term of the agreement, our business, results of operations and financial condition would be materially and adversely affected. Even if we are able to maintain our relationship with JD Group, if JD Group experiences a business deterioration, a decline in market position or market share, or a damage to its brand image or reputation, our business and results of operations may also be negatively affected due to our reliance on and close relationship with JD Group and our customers' trust on us may also diminish. In the event that we fail to maintain our relationship with JD Group, we cannot assure you that we will be able to establish a similar cooperative relationship with a comparable business partner under commercially reasonable terms in a timely manner. In addition, our business collaboration arrangement with JD Group contains certain undertakings made by JD Group that are beneficial to us. These undertakings, however, are contingent on our continuing to meet certain conditions. If we are unable to meet these requirements, the scope of our collaboration with JD Group could diminish significantly and the business collaboration arrangement with JD Group could even be terminated under certain circumstance, all of which could materially and adversely affect our business, results of operations and financial condition.

In addition to our strategic relationship with JD Group, JD Group also has a significant influence on our overall business operations. As of February 28, 2025, JD Group holds approximately 34.0% of our total issued and outstanding shares and approximately 36.2% of the total voting power of our shares. As a result, JD Group may have a conflict of interest with us and prevent us from engaging in transactions that may be beneficial to you as a holder of ADSs.

Apart from JD Group, we have also entered into business collaboration arrangements with other business partners, such as branded consumer electronics manufacturers and distributors, to expand source of supply for pre-owned consumer electronics. We cannot assure you that we are able to maintain our relationships with our major business partners in the future. We may not be able to successfully extend or renew our current business collaboration arrangements with these business partners on commercially reasonable terms, or at all, upon expiration or early termination of the current arrangements. Furthermore, we, our employees and our business partners may inadvertently

breach certain provisions and therefore subject us to liabilities under these arrangements. Disputes may also arise due to reasons that we are unable to foresee. If we are unable to resolve disputes with our business partners, we may not be able to continue our cooperation with them. In addition, certain of our business partners were sanctioned by the U.S. government. It is possible that we may have to cease cooperation with these business partners so as to be compliant with the U.S. laws as a U.S. listed company. As a result, transaction volume on our platform, our results of operations and financial conditions could be materially and adversely affected.

***If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.***

Our business has continued to grow in recent years, and we expect continued growth in our business and revenues. We plan to further expand our sources of supply and continue to empower industry participants. For example, we plan to further expand our AHS store network into lower-tier cities and strengthen our cooperation with JD Group to increase customer traffic on our platform. In addition, we plan to further strengthen the industry leading infrastructure and standards we established by further upgrading our operations centers to improve the accuracy, speed, and cost-effectiveness of our proprietary inspection, grading, and pricing of pre-owned devices. To support our growth, we will also continue to improve our technology capabilities, such as upgrading our operation centers with new automation technologies and further optimizing our pricing engine by continuing to leverage the data insights, and grow our international presence by collaborating with resellers in new geographic locations such as South East Asia, Latin America, and Africa to increase the global circulation of pre-owned devices from China and export our technology and service offerings to device resellers in these international markets. All these efforts will require significant managerial, financial and human resources. We cannot assure you that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

***We incurred net losses and had negative net cash flows from operating activities in the past, which may continue or happen again in the future.***

We incurred net losses of RMB2,467.9 million in 2022, RMB156.3 million in 2023 and RMB8.2 million (US\$1.1 million) in 2024. In addition, our operating activities had historically generated negative net cash flows. We had started to generate net cash inflow from operating activities since 2022 and the net cash flow remains positive in 2023 and 2024. We may continue to further develop and expand our business, upgrade our technologies, and these investments may not result in an increase in profit or positive net cash flows from our operations in the future.

We may continue to incur substantial losses and generate negative net cash flows again from our operations in the future for a number of reasons, including decreasing demand or slower than expected increase in demand for pre-owned consumer electronics and our services, increasing competition, as well as other risks discussed herein, and we may incur unforeseen expenses, or encounter difficulties, complications and delays in generating revenue or achieving profitability. If our revenues decrease, we may not be able to reduce our costs and expenses proportionally in a timely manner because a significant portion of our costs and expenses are fixed. In addition, if we reduce our costs and expenses, we may limit our ability to acquire consumers and third-party merchants and grow our revenues. Accordingly, we may not be able to achieve profitability and we may continue to incur net losses in the future.

***The growth and profitability of our business depend on the level of consumer demand and discretionary spending. A severe or prolonged economic downturn in China or around the world could materially and adversely affect consumer discretionary spending and therefore adversely affect our business, financial condition and results of operations.***

The success of our business depends, to a significant extent, on the level of consumer demand and discretionary spending both in China and in the international markets where we operate. A number of factors beyond our control may affect the level of consumer demand and discretionary spending on merchandise that we offer, including, among other things:

- general economic and industry conditions;

- disposable income of consumers;
- discounts, promotions and merchandise offered by our competitors;
- negative reports and publicity about the pre-owned consumer electronics transactions and services industry;
- outbreak of viruses or widespread illness;
- unemployment levels;
- minimum wages and personal debt levels of consumers;
- access to consumption loans by consumers;
- consumer confidence in future economic conditions;
- fluctuations in the financial markets; and
- natural disasters, war, terrorism and other hostilities.

Reduced consumer confidence and spending cut backs may result in reduced demand for pre-owned consumer electronics sold on our online marketplaces. Reduced demand also may require increased selling and promotional expenses. Adverse economic conditions and any related decrease in consumer demand for pre-owned consumer electronics could have a material adverse effect on our business, financial condition and results of operations. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Russia-Ukraine conflict, the Hamas-Israel conflict and the attacks on shipping in the Red Sea have heightened geopolitical tensions across the world. The impact of the Russia-Ukraine conflict on Ukraine food exports has contributed to increases in food prices and thus to inflation more generally. There have also been concerns about the relationship between China and other countries which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to a wide range of issues including trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

In addition, many of the factors identified above also affect commodity rates, transportation costs, interest rates, costs of labor, insurance and healthcare, lease costs, measures that create barriers to or increase the costs associated with international trade, changes in other laws and regulations and other economic factors, all of which may impact our cost of sales, our selling and distribution expenses, and general and administrative expenses, which could have a material adverse effect on our business, financial condition and results of operations.

***We may not be able to effectively and accurately inspect, grade and price pre-owned goods, in particular, consumer electronics.***

We provide inspection, grading and pricing services for a large portion of pre-owned consumer electronics sourced by third-party merchants and sold on our online marketplaces. We also inspect, grade and price pre-owned consumer electronics we collect before selling them on our online marketplaces. As there are no uniform or established standards or practices for inspecting, grading and pricing pre-owned consumer electronics in the market, we have developed our own inspection procedures, grading system and pricing mechanism over years of our business operations. We cannot assure you that our business practices represent the best practice in the pre-owned consumer electronics transactions and services industry or that they will yield maximum commercial benefits. We may not be able to identify all potential defects of pre-owned consumer electronics traded on our platform and grade them accurately. Even if we are able to do so, we cannot guarantee you that the prices we assign to those pre-owned consumer electronics reflect the actual or fair value of those pre-owned consumer electronics. If consumers or third-party merchants on our platform believe that the prices determined or suggested by us do not reflect the fair value or their deemed value of the pre-owned consumer electronics they are going to sell on our online marketplaces, they may choose other platforms over us, which in turn would result in our losing of customer base, a decline in transaction

volume on our online marketplaces and/or a decrease in the supply of pre-owned consumer electronics, either of which could materially and adversely affect our business, results of operations and financial condition.

Starting from June 2022, we have further expanded the product categories for our recycling business to include used luxury goods, gold and vintage liquor, among other high-value consumer goods. We currently provide inspection, grading and pricing services for these new product categories mainly through cooperation with third-party service providers with extensive industry experience. If the consumers or third-party merchants on our platform are not satisfied with the services provided by these third-party service providers, their trust and confidence in our brand may be impaired, which could materially and adversely affect our business, results of operations and financial condition.

***The price differences between our collection and resale of pre-owned consumer electronics in connection with transactions we operate directly and the fees we charge from transactions on our online marketplaces may fluctuate or decline in the future. Any material decrease in such fees or price differences would harm our business, financial condition and results of operations.***

We generate revenues primarily by earning the price differences between our collection and resale of pre-owned consumer electronics, and by charging fees and commissions for transactions and services we provide on our online marketplaces, such as commission fee on our merchant and consumer marketplaces and transaction service fee for value-added services on our consumer marketplace. Maintaining and growing our revenues depends on a number of factors, including:

- our ability to deliver superior services;
- our ability to attract consumers, third-party merchants, and other participants in the pre-owned consumer electronics value chain;
- the average unit price of pre-owned consumer electronics sold on our platform, which may decrease as a result of, among other things, rolling-out of new generations of consumer electronics;
- the average commission rate and the average value-added service fee rate that we charge per transaction, which is subject to market condition and competition;
- our ability to maximize the price differences between the acquisition prices and resale prices;
- our ability to expand sources of supply for pre-owned consumer electronics;
- our ability to reach the end-consumers with the pre-owned consumer electronics sold on our platform; and
- fluctuation in other macro-economic changes.

Any failure to adequately and promptly address any of these risks and uncertainties would materially and adversely affect our business and results of operations.

***If we are unable to expand our AHS store network successfully, our business or results of operations would be adversely affected***

We plan to further expand our AHS store network, including automatic recycling kiosks, in lower-tier cities. However, we may not be able to expand our AHS store network as we planned. AHS store network expansion has required and will continue to require substantial investments and commitment of resources. The number and timing of the offline AHS stores actually opened and kiosks placed during any given period are subject to a number of risks and uncertainties, including our ability to:

- identify locations with large customer traffic and commercial potential;
- secure leases on commercially reasonable terms;
- identify suitable business partners to join our AHS store network;
- efficiently manage our time and cost in relation to the design, decoration and pre-opening processes for AHS stores;

- successfully operate AHS stores, including offering superior customer experience;
- maintain a positive image of AHS stores;
- cooperate with more AHS store partners and third parties to install more kiosks;
- obtain a sufficient number of kiosks to be installed in AHS store network and various other locations;
- obtain adequate funding for development and expansion costs;
- obtain the required licenses, permits and approvals; and
- recruit and retain talents with sufficient experience in the pre-owned consumer electronics transactions and services industry.

Particularly, we rely on business partners with local resources to join our AHS store network and open AHS stores. However, we may not be able to identify business partners with sufficient resources and strong local ties to collaborate with us. Even if we are able to attract a sufficient number of business partners to join our AHS store network, there is no assurance that they will be willing or able to renew their agreements with us, which may decrease the number of AHS stores in our AHS store network and negatively affect our store expansion plan. We will also need to carefully consider geographical locations of AHS stores in our AHS store network so as to reach consumers to the maximum extent while avoiding cannibalization resulting from geographical proximity among stores.

Any factors listed above, either individually or in aggregate, might delay or fail our plan to increase the number of AHS stores in desirable locations at manageable cost levels. Further, we may not be able to successfully operate our existing AHS stores and may choose to shut down certain AHS stores from time to time due to various reasons.

***Failure to successfully operate offline AHS stores could materially and adversely harm our reputation, business and results of operations.***

We rely on offline AHS stores and kiosks to collect a large portion of pre-owned consumer electronics traded on our online marketplaces. AHS stores and kiosks also serve as a complement to our online AHS operations and help us reach consumers directly. The successful operation of AHS stores hinges on the ability to provide superior experience to consumers and business partners. If we are unable to provide a superior experience, our consumers and business partners may lose confidence in us. In addition, any negative publicity or poor feedback regarding our customer service may harm our brand and reputation and thus cause us to lose customers and market share. Apart from providing superior customer experience, there are also a number of other factors that may affect the successful operation of AHS stores, including, without limitation, our ability to secure premises for AHS stores in locations that are strategically beneficial to our business; our ability to adjust AHS store operations to timely respond to changes in market demand and consumer preferences; our ability to manage costs of in operating AHS stores; our ability to handle negative publicity, allegations, and legal proceedings; our ability to ensure full compliance with the laws and regulations, and maintain adequate and effective control, supervision and risk management over AHS stores; and our ability to monitor the overall operation of AHS stores. If we are unable to operate AHS stores successfully, we and our business partners will have to shut down underperforming AHS stores. In 2024, we closed approximately 502 AHS stores and may continue to do so in the future. We may also terminate our cooperation with our AHS store partners if their business, financial conditions and operating results are below our expectation. In the past, we terminated our cooperation with certain number of AHS store partners due to the underperformance of certain AHS stores. In addition, if our AHS store partners run into financial difficulties or even become bankrupt as a result of unsuccessful operation, our business and results of operations would be adversely affected.

***We rely on our AHS store partners to expand our AHS store network Failure by our AHS store partners to provide satisfactory products or services and successfully operate offline AHS stores or any illegal actions or misconduct of our AHS store partners could materially and adversely harm our reputation, business and results of operations.***

In addition to our directly operated AHS stores, we also cooperate with AHS store partners to jointly operate a large number of AHS stores. As of December 31, 2024, 1,031 of all 1,861 AHS stores were either jointly operated by us or by our AHS store partners. We believe consumers expect the same quality of our products and services regardless of whether they visit a store operated directly by us or by our AHS store partners, so we provide trainings to the store operation personnel and offer other necessary supports to help with store management. Besides, we conduct regular

reviews of our AHS store partners and will reduce or even terminate our cooperation with those who do not meet our standards. Successful operations of jointly-operated stores directly affect our results of operations.

However, our AHS store partners are independent from us. Despite the fact that we have direct access to key operational data of jointly-operated stores, we do not have a complete control on every aspect of the store operation. The efficiency and effectiveness of the store operations may be compromised if we fail to effectively monitor the store operations. Even if we can effectively monitor the operation of these AHS stores, there are still a number of factors beyond our control which may result in failure by our AHS store partners to successfully operate AHS partner stores in a manner consistent with our standards and requirements. For example, despite the training and support we provide to the AHS partner stores, our AHS store partners may not be able to hire qualified clerks and other store operating personnel or provide optimal customer services, encounter financial difficulties or fail to achieve expected number of orders, which may negatively affect our results of operations. If our AHS store partners are unable to provide a superior customer experience, consumers may lose confidence in us. While we have the right to terminate our agreements with AHS store partners if they breach any material provisions of these agreements, we may not be able to identify problems and take action in a timely manner. As a result, our image and reputation may suffer, and our results of operations could be adversely affected.

Since over 55.4% of AHS stores were either jointly operated by us or by our AHS store partners as of December 31, 2024, maintaining the relationship with our AHS store partners and attracting new AHS store partners to join our store network are important to our business and results of operations. We cannot guarantee you that we are able to maintain the relationship with our AHS store partners due to a number of factors, some of which are beyond our control. For example, if our products or services fail to attract consumers, our AHS store partners may experience sales declines. As a result, they may not be able to generate investment returns as they expected, and thus choose not to renew their agreements with us. Sales declines or unsuccessful operation of AHS stores could also arise from failures by our AHS store partners to lease premises in optimal locations with large consumer traffic and commercial potentials, hire and train qualified store managers or other sales personnel, insufficient experience in operating retail stores, and lack of overall store management experience, among others. As a result, our AHS store partners may terminate their agreements with us or choose not to renew such agreements with us. In addition, we may also be unable to continuously offer attractive terms or economic benefits to our AHS store partners. As a result, our AHS store partners may not be effectively motivated to provide trade-in services or continue the cooperative relationships with us. If our AHS store partners decide to shut down the stores they opened, we will refund the corresponding deposit to them. If our AHS store partners decide to shut down a large number of AHS stores within a very short period of time, we may need a large amount of cash to refund the deposits. As a result, we may experience liquidity risks. In addition, we may not be able to attract a sufficient number of new AHS store partners to join our network and open AHS stores, which will negatively affect our future business growth. The occurrence of any of the above could have a material and adverse effect on our expansion plans, business prospects, results of operations and financial condition.

In addition, if our AHS store partners engage in any unlawful activities, fail to provide a satisfactory customer experience, or are involved in any claims, allegations, lawsuits, litigations, administrative penalties or other legal proceedings, with or without merits, no matter whether we are a party or not, we might also be subject to reputational risks. We also cannot guarantee that our AHS store partners will fully comply with the provisions in our agreements with them regarding various operational standards. If any of our AHS store partners engage in any type of illegal actions or misconducts, our business, reputation, financial condition and results of operations could be materially and adversely affected.

In the event that we become subject to claims caused by actions taken by our AHS store partners, we may seek compensation from or take other actions against the AHS store partners. However, such compensation may be limited. For example, we may not be able to get fully compensated from our AHS store partners in case that our losses attributed to their actions exceed the maximum amount of indemnification we are able to seek from them. If no claim can be asserted against our AHS store partners, or amounts that we claim cannot be fully recovered from our AHS store partners, we may be required to bear such losses and compensation at our own costs, which could have a material and adverse effect on our business, financial condition and results of operations.

***The successful operations of our PJT Marketplace and Paipai Marketplace depend on our ability to maintain and attract more third-party merchants and consumers to our online marketplaces.***

Third-party merchants and consumers play an important role in the successful operations of our online marketplaces. In terms of GMV, 55.9% of the pre-owned consumer products on our PJT Marketplace, and 77.8% of

the pre-owned consumer products on our Paipai Marketplace, were sold by third-party merchants in 2024. As a result, attracting and maintaining our relationship with consumers and third-party merchants to our online marketplaces are critical to our business and results of operations. However, we may not be able to do so due to a number of factors, some of which are beyond our control. For example, if the transaction volume or the number of users on our marketplaces drop significantly, our third-party merchants may experience sales declines. As a result, they may not be able to generate profits as they expected, and thus choose not to renew their agreements with us. In addition, we may also be unable to continuously offer attractive terms or economic benefits to our third-party merchants or provide value-added services that meet the demand of third-party merchants. As a result, our third-party merchants may not be effectively motivated to sell more products or maintain the relationship with us. In addition, we may not be able to attract or maintain our existing customer base on our online marketplaces, which could result in a decline in the transaction volumes and thus negatively affect our business and results of operations.

***We are subject to various risks in connection with our cooperation with third-party merchants.***

Even if we are able to maintain our relationship with third-party merchants and attract more third-party merchants and consumers to our online marketplaces, we are subject to various risks in connection with third-party merchants. We do not have as much control over the quality of pre-owned products sold by third-party merchants on our online marketplaces as we do over the products that we sell directly ourselves. In particular, under POP model, we do not inspect pre-owned consumer electronics sold by them on our platform, nor do we determine the prices of those products, which makes it more difficult for us to ensure that consumers and third-party merchants get the same high-quality products and services for all products sold on our marketplaces. If any third-party merchant fails to adhere to our quality standards and requirements, fails to timely deliver the products to buyers, delivers products that are defective or materially different from description, sells counterfeit or unlicensed products, or sells products without licenses or permits as required by the laws and regulations even though we have requested such licenses or permits in our standard form contract with the third-party merchant, the reputation of our online marketplaces and our brands could be materially and adversely affected and we could face claims to hold us liable for the losses. Moreover, despite our efforts to prevent it, some products sold on our online marketplaces may compete with the products we sell directly, which may cannibalize our sales on our online marketplaces. The occurrence of any of the above could have a material and adverse effect on our expansion plans, business prospects, results of operations and financial condition.

***Privacy concerns relating to pre-owned consumer electronics and the collection, storage and use of customer information could deter current and potential customers from choosing our products or services, damage our reputation, impede our business growth and thus negatively impact our business.***

Concerns about mishandling personal information or other private and sensitive information stored in pre-owned consumer electronics, even if unfounded, or a general lack of confidence in the security of privacy in connection with pre-owned consumer electronics could deter current and potential consumers or third-party merchants from using our services, damage our reputation, cause us to lose consumers or third-party merchants and adversely affect our operating results. In addition, we collect, store and use personal information of our consumers or third-party merchants to provide better services. While we strive to comply with applicable data protection laws and regulations, as well as our own privacy policies and other obligations we may have with respect to privacy and data protection, failure or perceived failure to comply may result, and in some cases has resulted, in customer complaints, and may also result in inquiries and other proceedings or actions against us by government agencies or others, as well as negative publicity and damage to our reputation and brand, each of which could cause us to lose users, consumers or third-party merchants, and have an adverse effect on our business. In addition, any systems failure or compromise of our security that results in the unauthorized access to or release of our customers' data could significantly limit the adoption of our products and services, as well as harm our reputation and brand and, therefore, our business. We strictly limit third-parties' access to customer data, and we expend significant resources on technology and our daily operations to protect against leakage of customer information and other security breaches. Nonetheless, given its great commercial value, customer data may still be hacked and misused by third parties, which could expose us to legal and regulatory risks and seriously harm our business.

The mainland China regulatory requirements regarding cybersecurity, data protection and personal information protection are constantly evolving. On May 28, 2020, the National People's Congress of the PRC enacted the *Civil Code of the People's Republic of China*, or Civil Code, which came into effect on January 1, 2021. The Civil Code, in addition to the systematic codification of provisions from existing legislations, establishes general principles of

privacy right and the protection of personal information, and provides clearer legal basis for civil actions against privacy and personal information related infringements and breaches. Before the enactment of the Civil Code, more specific provisions in relation to personal information protection are mainly set out in existing legislations including the *PRC Cyber Security Law* (effective from June 1, 2017), the *PRC E-commerce Law* (effective from January 1, 2019), and the *PRC Consumer Rights Protection Law* (latest revision effective from March 15, 2014). Further, the Standing Committee of the National People's Congress of the PRC promulgated the *PRC Data Security Law* on June 10, 2021, which became effective from September 1, 2021. Also, the *PRC Personal Information Protection Law* was enacted on August 20, 2021, which became effective on November 1, 2021. These two laws, together with the *PRC Cyber Security Law*, form the over-arching framework that governs data protection and cybersecurity in mainland China. The *PRC Cyber Security Law* has a focus on cybersecurity and the protection of the critical information infrastructure, while the *PRC Data Security Law* focuses on regulating “important data” and data processing activities that would have an impact on national security. The *PRC Personal Information Protection Law* focuses on protecting personal information. See Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Cybersecurity, Data Security, Personal Information Protection and National Security for more details.

Following the promulgation of the above two laws, the PRC governmental authorities have enacted or are in the process of formulating a series of regulations and policies to enhance the protection of cybersecurity, data security and personal information, including the following (See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Cybersecurity, Data Security, Personal Information Protection and National Security” for more details):

- On December 28, 2021, the Cyberspace Administration of China and other PRC governmental authorities jointly released the *Measures for Cybersecurity Review*, which took effect on February 15, 2022, requiring that, among others, operators of “critical information infrastructure” or data processors holding over one million users’ personal information which intends to be listed in a foreign country are subject to a cybersecurity review.
- On July 7, 2022, the Cyberspace Administration of China published the *Measures for the Security Assessment of Data Cross-border Transfer*, which provides for the circumstances under which a data processor shall be subject to security assessment, including (i) where a data processor provides important data abroad; (ii) where a critical information infrastructure operator or a data processor that processes personal information of more than one million individuals provides personal information abroad; (iii) where a data processor that has exported personal information of over 100,000 individuals or sensitive personal information of over 10,000 individuals in total since January 1 of the previous year provides personal information abroad; and (iv) other circumstances prescribed by the Cyberspace Administration of China.
- On December 8, 2022, the Ministry of Industry and Information Technology published the *Data Security Management Measures in the Field of Industry and Information Technology*, or the *Data Security Measures in the IT Field*, which took effect on January 1, 2023. The *Data Security Measures in the IT Field* provides the definitions of “core data” and “important data” in the field of industry and information technology. Data in the field of industry and information technology shall include industrial data, telecoms data, etc. For different categories of data, the *Data Security Measures in the IT Field* prescribes different requirements in terms of security management and protection in terms of data collection, storage, processing, transmission, provision, publication, destruction, exit, transfer, entrusted processing, etc.
- On September 24, 2024, the State Council issued the *Regulation on the Administration of Cyber Data Security*, or the *Cyber Data Security Regulation*, which came into effect from January 1, 2025. The *Cyber Data Security Regulation* stipulated certain requirements on network data processing activities, the security and protection of network data, and the reasonable and effective use of network data, and further clarifies the protection of personal information, security of important data, management of cross-border security of network data and obligations of network platform service providers. The *Cyber Data Security Regulation* required, among others, where network data processing activities carried out by a network data processor affect or may affect national security, national security review shall be conducted in accordance with relevant PRC regulations.

The above laws, regulations and policies in mainland China can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy and data protection in mainland China, we cannot assure you that we will be in full compliance with such laws, regulations and obligations in all respects. Any failure to comply with such laws, regulations and obligations in the future may result in the suspension of our businesses, take-down of our operating apps, or subject us to other penalties, which may materially and adversely affect our business, financial condition, and results of operations.

Information and data privacy legislations have also been evolving significantly in other jurisdictions these years. For example, in the European Union, or EU, the General Data Protection Regulation, which came into effect on May 25, 2018, presents increased challenges and risks in relation to policies and procedures relating to data collection, storage, transfer, disclosure, protection and privacy, and will impose significant penalties for non-compliance, including for example, penalties calculated as a percentage of global revenue under the General Data Protection Regulation. In the United States, various federal, state and foreign legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, information security. For example, California enacted the California Consumer Privacy Act, which, among other things, requires new disclosures to California consumers and afford such consumers new abilities to opt out of certain sales of personal information. Outside of the European Union and the U.S., many countries and territories have laws, regulations, or other requirements relating to privacy, data protection, information security, and consumer protection, and new countries and territories are adopting such legislation or other obligations with increasing frequency. New laws or regulations concerning data protection, or the interpretation and application of existing consumer and data protection laws or regulations, which is often uncertain and in flux, may be inconsistent with our practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our practices, which could have an adverse effect on our business and operating results. Complying with new laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. If we or those with whom we share information fail to comply with these laws and regulations or experience a data security breach, our reputation could be damaged and we could be subject to additional litigation and regulatory risks.

***Our expansion into new product categories and offering of new services may expose us to new challenges and more risks.***

As of December 31, 2024, approximately 81.5% and 50.2% of the pre-owned consumer products traded on our PJT Marketplace and Paipai Marketplace, respectively, were cell phones. In recent years, we have expanded our business to cover more types of pre-owned consumer electronics, such as laptops, tablets and drones. Since 2022, we have carried out a pilot project to expand our business to cover more diversified pre-owned product categories, such as vintage bags, watches, liquor, gold and various household goods to further attract consumers and increase the transaction volumes on our platform. Expansion into diverse new product categories and service offerings involves new risks and challenges. Our lack of familiarity with these products and services may make it more difficult for us to anticipate customer demand and preferences. We may also be unable to effectively inspect and control the quality of these pre-owned goods appropriately or we may misjudge customer demand on our new service offerings. We may also face costly product liability claims, which would harm our brand and reputation as well as our financial performance. If competition in the new product and service categories intensifies, we may have to price aggressively and invest heavily to gain market share or remain competitive, which may adversely affect our profitability. As a result of various uncertainties and risks, it may be difficult for us to achieve profitability in the new product and service categories and our profit margin in these categories, if any, may be lower than we anticipate, which would adversely affect our overall profitability and results of operations. We cannot assure you that we will be able to recoup our investments in introducing these new product and service categories.

***Strategic acquisition of and investments in businesses and assets, and the subsequent integration of newly acquired businesses into our own, create significant challenges that may have a material adverse effect on our business, reputation, results of operations and financial condition.***

To further expand our business and strengthen our market-leading position, we may tap into new market opportunities or enter into new markets by forming strategic alliances or making strategic investments and acquisitions. For example, we acquired an online consumer marketplace for pre-owned products, Paipai, from JD Group in 2019. The addition of Paipai has expanded our business to cover consumer online marketplace business, significantly increased our customer traffic, generated synergies to our existing businesses and strengthened our market position in the pre-owned consumer electronics transactions and services market. We have strategically invested in AiFenLei Group, a pioneering enterprise in household waste recycling, to serve as our business partner, aiming to extend the reach of our second-hand business market and unlock synergistic value. If we are presented with appropriate opportunities in the future, we may acquire or invest in additional businesses or assets that are complementary to our business. For example, we plan to leverage our technology and service offerings to collaborate with international device resellers and may pursue international strategic initiatives through mergers, acquisitions and joint ventures outside of China. However, strategic acquisitions and the subsequent integration of new businesses and assets into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. In addition, acquisitions could result in potential dilutive issuances of equity securities, use of substantial amounts of cash, significant increase of our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment and exposure to potential ongoing financial obligations and unforeseen or hidden liabilities of the acquired businesses. The cost and duration of, and difficulties in, integrating newly acquired businesses and managing a larger overall business could also materially exceed our expectations. After devoting significant resources to potential acquisitions, the transactions may not be closed successfully due to strengthened anti-monopoly enforcement in mainland China. Moreover, we may not be able to achieve our intended strategic synergies and may record substantial impairment charges to goodwill, if we fail to successfully integrate the newly acquired businesses or manage a larger business. Our equity investees may generate significant losses, a portion of which will be shared by us in accordance with U.S. GAAP. In addition, we may incur impairment losses if the financial or operating results of those investees fail to meet the expectations. Considered the changes in market conditions, we performed quantitative impairment test on long-lived assets, including intangible assets, deferred cost, goodwill and long-term investments and recognized RMB2,039.0 million, nil and nil for the years ended December 31, 2022, 2023 and 2024, respectively. In connection with acquisitions, joint ventures or strategic investments outside China, we may from time to time, in some instances enter into foreign currency contracts or other derivative instruments to hedge some or all of the foreign currency fluctuation risks, which subjects us to the risks associated with such derivative contracts and instruments. No assurance can be given that our acquisitions, joint ventures and other strategic investments will be successful and any negative developments in connection with our acquisitions or strategic investment could have a material adverse effect on our business, reputation, results of operations and financial condition.

***We are subject to various risks in connection with our repair and refurbishment business.***

Since April 2022, we have started to pilot our consumer electronics repair and refurbishment operations, under which we sell pre-owned electronic devices with renewed components (such as batteries and screens) and polished back covers to consumers to further satisfy consumers' demand for premium pre-owned devices and to expand our profit margin. The refurbished components, such as the batteries and screens, are sourced from original manufacturers of the device or qualified suppliers. If the refurbished components delivered to us are defective or substandard, we may face product liability claims and the reputation of our online marketplaces and our brands could be materially and adversely affected. We operate repair and refurbishment business mainly by ourselves. For a small portion of such business, such as painting, which requires special qualifications, we cooperate with third-party service providers. The repair and refurbishment performed by us or third-party service providers may be substandard or fail to meet the expectation of the consumers, which may lead to customer complaints.

***We may incur liability or become subject to claims or administrative penalties for stolen products sold on our platform or counterfeit, infringing, illegal or unauthorized products sold on our platform.***

Pre-owned consumer electronics sold on our online marketplaces are sourced by us or third-party merchants from various channels. We have adopted measures to verify the authenticity and authorization of pre-owned consumer electronics sold on our online marketplaces and avoid potential infringement of third-party intellectual property rights in the course of sourcing and selling products. We have also invested heavily in our inspection and authentication processes and we reject items we believe to be counterfeit. However, we cannot assure you that we are able to identify any and all unauthorized, counterfeit or illegal products, especially components and parts or accessories of the pre-owned consumer electronics, that infringe third parties' intellectual property rights given the large amount of pre-owned consumer electronics being inspected. As the sophistication of counterfeiters increases, it may be increasingly difficult to identify counterfeit pre-owned consumer electronics and their components, parts and accessories. In terms of GMV, in 2024, 20.9% of the pre-owned consumer products sold on our PJT Marketplace and 77.8% of the pre-owned consumer products on our Paipai Marketplace, were inspected by third-party merchants as opposed to going through our inspection procedures, respectively. Under our standard form agreements, we typically require third-party merchants to indemnify us for any losses we suffer or any costs that we incur if the pre-owned consumer electronics they sell on our online marketplaces are stolen products or counterfeit, unauthorized or refurbished products. However, we may not be able to successfully enforce our contractual rights and may need to initiate costly and lengthy legal proceedings in mainland China to protect our rights. In the event that counterfeit, unauthorized or infringing products are sold on our online marketplaces or infringing content is posted on our online marketplaces, we could face claims that may subject us to liabilities. If we fail to identify any infringing pre-owned consumer electronics including components and parts or accessories and such products are sold to purchasers, we may be subject to infringement claims and our reputation will also be harmed. Irrespective of the validity of such claims, we could incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against us, we might be required to pay substantial damages or refrain from further selling the products. Potential liabilities we may be subject to under mainland China law if we negligently participated or assisted in infringement activities associated with counterfeit products include injunctions to cease infringing activities, rectification, compensation, administrative penalties and even criminal liability. Moreover, such third-party claims or administrative penalties could result in negative publicity and our reputation could be severely damaged.

In addition, stolen products were and may continue to be sold on our online marketplaces, which could also result in negative publicity, and thus damage our reputation. Pursuant to the mainland China regulations, we, as the operator of AHS Recycle, are required to record information of each pre-owned consumer electronic product sourced by us and we would be subject to administrative penalties or even criminal liability if we knowingly engage in any sale of stolen pre-owned consumer electronic product that we sourced from other parties. We have been complying with the above information recording requirement and we have also been cooperating with the Shanghai Public Security Bureau to crackdown the sales of stolen products on our online marketplaces. However, third-party sellers' actions are beyond our control and we cannot guarantee you that our online marketplaces will not be used as a channel by certain sellers to dispose of illegal products. Any of these events could have a material and adverse effect on our business, results of operations or financial condition.

***If we fail to adopt new technologies or adapt our websites, mobile apps and systems to changing user or customer requirements or emerging industry standards, or if our efforts to invest in the development of new technologies are unsuccessful or ineffective, our business may be materially and adversely affected.***

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our mobile apps, websites and our business operation systems. The industries we operate in are characterized by rapid technological evolution, changes in user or customer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices, such as mobile internet, in a cost-effective and timely way. For example, we depend on the automation of our operation centers and the development and application of advanced technologies applied in our operation centers to effectively and efficiently inspect, grade and price the pre-owned consumer electronics we procure. In recent years, we invested in the development of many new technologies, such as supply sourcing technology and inspection, certification and pricing technology. The development of websites, mobile

apps and other proprietary technologies entails significant technical and business risks. We cannot assure you that we will be able to successfully develop or effectively use new technologies, recoup the costs of developing new technologies or adapt our websites, mobile apps, proprietary technologies and systems to meet user or customer requirements or emerging industry standards. If we are unable to develop technologies successfully or adapt in a cost-effective and timely manner in response to changing market conditions or customer requirements, whether for technical, legal, financial or other reasons, our business, prospects, financial condition and results of operations may be materially and adversely affected.

***We may not be able to sustain our historical growth rates in the future.***

We have experienced rapid growth since we commenced our business in 2011. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our revenue growth may slow down or our revenues may decline for any number of possible reasons, such as decreased consumer spending, increased competition, slowdown in the growth or contraction of the pre-owned consumer electronics transactions and services industry in China, emergence of alternative business models, changes in government policies or general economic conditions, and natural disasters or virus outbreaks. If our growth rate declines, investors' perceptions of our business and business prospects may be adversely affected and the market price of our ADSs could decline.

***Any harm to our brands or reputation may materially and adversely affect our business and results of operations.***

We believe that the recognition and reputation of our brands, such as All Things Renew (万物新生), or ATRenew, AHS (爱回收), PJT (拍机堂) and Paipai (拍拍), among consumers and third-party merchants have contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brands are critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand. These factors include our ability to:

- provide a superior experience to consumers and third-party merchants, and enhance their trust in us;
- maintain the popularity, attractiveness, diversity and quality of the products and services we offer;
- maintain the reliability of our inspection, grading and pricing process;
- continue to offer competitive prices for pre-owned consumer electronics/goods;
- maintain or improve the satisfaction of consumers and third-party merchants with our after-sales services;
- support third-party merchants to provide satisfactory customer experience through our online marketplaces;
- increase brand awareness through marketing and brand promotion activities; and
- preserve our reputation and goodwill in the event of any negative publicity, including those on customer service, customer relationships, product quality, or other issues affecting us or other pre-owned consumer electronics transactions and services businesses.

We have received in the past, and we may continue to receive in the future, communications or complaints alleging that pre-owned consumer electronics sold through our platform are counterfeit, defective, inconsistent with the information provided on our platform, or the services provided by us are unsatisfactory to our consumers and third-party merchants. The information we include on our platform is collected and maintained by us, which may not be accurate or complete due to human error, technological issues or willful misconduct. Moreover, if third-party merchants experience difficulties in meeting our requirements or standards or provide inaccurate or unreliable information to us, we may be subject to legal liabilities for the actions or services of those third-party merchants and we may fail to maintain customer trust in our platform, which could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new consumers and third-party merchants or retain our current consumers and third-party merchants. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our platform and services, as well as pre-owned consumer electronics sold by us and third-party merchants through our online marketplaces, our business, growth prospects, financial condition and results of the operations could be materially and adversely affected.

In addition, negative news or media coverage of our business, our employees, our third-party service providers and business partners, our directors and management or our shareholders, including, without limitation, alleged failure to comply with applicable laws and regulations, alleged misrepresentation by our sales consultants or third-party agents, breach of data security, failure to protect user privacy, inappropriate business practices, disclosure of inaccurate operating data, negative information on blogs and social media websites, regardless of their validity, could damage our reputation. If we fail to correct or mitigate misinformation or negative information about us, including information spread through social media or traditional media channels, customer trust in us may be undermined, which would have a material adverse effect on our business, results of operations and financial condition.

***If we fail to compete effectively, we may not be able to maintain or may lose market share and our business and results of operations would be materially and adversely affected.***

We face intense competition in the pre-owned consumer electronics transactions and services industry in China. We compete for consumers, third-party merchants, orders, and pre-owned consumer electronics. See “Item 4. Information on the Company—B. Business Overview—Competition.” Our competitors may have significantly more resources than we do, including financial, technological, marketing resources, and may be able to devote greater resources to the development and promotion of their platforms and services. They may also have deeper relationships with consumer electronics manufacturers, online marketplaces selling consumer electronics and other third-party service providers than we do. This could allow them to develop new services, adapt more quickly to changes in technology and to undertake more extensive marketing campaigns, which may render our platform less attractive to consumers and businesses and cause us to lose market share. Those smaller companies or new entrants may be acquired by, receive investment from or enter into strategic relationships with well-established and well-financed companies or investors which would help enhance their competitive positions. Moreover, intense competition in the markets we operate in may reduce our service fees and revenue, increase our operating expenses and capital expenditures, and lead to departures of our qualified employees. In addition, new and enhanced technologies may increase the competition in the pre-owned consumer electronics transactions and services industry. New competitive business models may also appear to increase the competition. We may also be harmed by negative publicity instigated by our competitors, regardless of its validity. We have encountered and may in the future continue to encounter unfair competition from our competitors, which may adversely affect our business and reputation. Failure to compete with current and potential competitors could materially harm our business, financial condition and our results of operations.

***Misconduct or illegal actions of our third-party merchants or other business partners could materially and adversely affect our reputation, business, financial condition and results of operations.***

We work with third parties in providing many of our services and products on our platform, such as consumer electronics brands and e-commerce platform, through which we collect pre-owned consumer electronics, third-party merchants doing transactions on our platform, and third-party logistics service providers. We carefully select our third-party suppliers, merchants, service providers and business partners, but we are not able to fully control their actions. If these third parties fail to perform as we expect, experience difficulty in meeting our requirements or standards, fail to conduct their business ethically, fail to provide satisfactory services to consumers and third-party merchants, receive negative press coverage, violate applicable laws or regulations, breach the agreements with us, or if the agreements we have entered into with the third parties are terminated or not renewed, it could damage our business and reputation. In addition, if such third-party service providers cease operations, temporarily or permanently, face financial distress or other business disruptions, increase their fees, or if our relationships with them deteriorate, we would suffer from increased costs, be involved in legal or administrative proceedings with or against our third-party service providers and experience delays in providing consumers and third-party merchants with similar services until we find or develop a suitable alternative. Furthermore, if we are unsuccessful in identifying high-quality partners, or establishing cost-effective relationships with them, or effectively managing these relationships, our business and results of operations would be materially and adversely affected.

***We may be held liable for information or content displayed on or linked to our platform, which may materially and adversely affect our reputation, business and results of operations.***

We may be held liable for inaccurate or incomplete information, including pre-owned product listings, that is available through or linked to our platform. The information we collect and use for pre-owned product listings may be inaccurate or incomplete due to errors or on the part of our employees or third-party information providers, or

frauds. Failure to ensure the accuracy and integrity of such information, regardless of its source, could undermine customer trust, result in further administrative penalties and adversely affect our reputation, business and results of operations.

***Failure to effectively deal with any misappropriation of our business opportunities, fictitious transactions or other fraudulent conduct would materially and adversely affect our business, financial condition and results of operations.***

We may face risks with respect to fraudulent activities by our employees or third-party merchants. For example, we have previously identified certain employees' misappropriation of our business opportunities at offline AHS stores. These employees purchased pre-owned consumer electronics themselves from consumers visiting AHS stores as opposed to performing their duties to complete the transactions with consumers on behalf of us. In order to combat such fraudulent activities, we installed surveillance system in AHS stores so that we are able to verify each transaction. In addition to misappropriation of our business opportunities, sellers on our marketplaces may also engage in fictitious or "phantom" transactions with themselves or collaborators in order to artificially inflate their own ratings on our online marketplace, reputation and search results rankings. This activity may harm other sellers by enabling the perpetrating seller to be favored over legitimate sellers, and may harm consumers by deceiving them into believing that a seller is more reliable or trusted than the seller actually is. This activity may also result in inflated transaction volume from our online marketplace. Sellers on our platform may also engage in other fraudulent or illegal activities. For example, a seller on our platform engaged in illegal credit card encashment activities in the past. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities on our platform, there can be no assurance that such measures will be effective in combating fraudulent activities. Moreover, illegal, fraudulent or collusive activities by our employees, such as fraud, bribery or corruption, could also subject us to liability or negative publicity or cause losses. For example, we incurred economic loss in the past due to a former employee's fraudulent behavior in a procurement transaction. Although we have internal controls and policies with regard to the review and approval of sales activities and other relevant matters, our employees' actions are beyond our control. We cannot assure you that our internal control measures and policies will prevent fraud or illegal activity by our employees. Negative publicity and user sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on our platform or by our employees could also severely diminish consumer confidence in us, reduce our ability to attract new or retain current consumers and third-party merchants, damage our reputation and diminish the value of our brand names, and materially and adversely affect our business, financial condition and results of operations.

***We may not be able to successfully halt the operations of websites that aggregate our data as well as data from other companies, or "copycat" websites that misappropriate our data.***

Due to the lack of widely accepted industry standards and practices and as a result of our industry leading position, we have seen certain websites aggregate certain data we generated in our business operations, such as pricing information for pre-owned consumer electronics. As of the date of this annual report, we are not aware of any copycat websites that attempt to cause confusion or diversion of traffic from us. Since we have a large customer base and established the largest pre-owned consumer electronics transactions and services platform in China, we may become an attractive target to such attacks or misappropriations in the future because of our brand recognition in the pre-owned consumer electronics transactions and services industry in China. We cannot assure you that we will be able to successfully halt the operations of these websites or third parties. Failure to do so could damage our reputation, divert customer traffic or supply of pre-owned consumer electronics from us and thus materially and negatively affect our business operations, results of operations and financial condition.

***We rely on third-party payment service providers to conduct payment processing and escrow services on our marketplaces. If those services are limited, restricted, curtailed or degraded in any way or become unavailable to us or our users for any reason, our business may be materially and adversely affected.***

Our users make payments through a variety of methods, including payment on our marketplaces or through our third-party online payment service partners, such as Weixin, Orangebank (橙e电商平台) and JD Pay (京东钱包). These services are critical to our platform. We rely on the convenience and ease of use that these service providers provide

to our users. If the quality, utility, convenience or attractiveness of the services of these service providers decline for any reason, the attractiveness of our platform could be materially and adversely affected.

Business involving online payment services is subject to a number of risks that could materially and adversely affect third-party online payment service providers' ability to provide payment processing and escrow services to us, including:

- dissatisfaction with these online payment services or decreased use of their services by users and merchants;
- increasing competition, including from other established Chinese internet companies, payment service providers and companies engaged in other financial technology services;
- changes to rules or practices applicable to payment systems that link to third-party online payment service providers;
- breach of users' personal information and concerns over the use and security of information collected from buyers;
- service outages, system failures or failures to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to third-party online payment service providers, including fees charged by banks to process transactions through online payment channels, which would also increase our costs of revenues; and
- failure to manage funds accurately or loss of funds, whether due to employee fraud, security breaches, technical errors or otherwise.

In addition, certain commercial banks in China impose limits on the amounts that may be transferred by automated payment from customers' bank accounts to their linked accounts with third-party payment services. Although we believe the impact of these restrictions has not been and will not be significant in terms of the overall volume of payments processed on our platform, and automated payment services linked to bank accounts represent only one of many payment mechanisms that consumers may use to settle transactions, we cannot predict whether these and any additional restrictions that could be put in place would have a material adverse effect on our platform.

In addition, we cannot assure you that we will be successful to enter into and maintain amicable relationships with online payment service providers. Identifying, negotiating and maintaining relationships with these providers require significant time and resources. They could choose to terminate their relationships with us or propose terms that we cannot accept. In addition, these service providers may not perform as expected under our agreements with them, and we may have disagreements or disputes with such payment service providers, any of which could adversely affect our brand and reputation as well as our business operations.

***We are subject to certain risks relating to third-party logistics services and our operation centers.***

We and third-party merchants on our marketplaces rely on third-party logistics service providers to deliver pre-owned consumer electronics to our operation centers and from our operation centers to buyers. Since the products being shipped generally are high-value goods, reliable services from third-party logistics service providers are of great importance to us. The efficient operation of our business also depends on the timely delivery of pre-owned consumer electronics. However, third-party service providers may not be able to consistently provide timely and proper delivery of pre-owned consumer electronics. In the past, we experienced product damage and product loss incidences and had disputes with certain logistics service providers. We may continue to experience similar incidents or disputes in the future. In addition, logistics services could also be suspended and thereby interrupt the supply of pre-owned consumer electronics if unforeseen events that are beyond our control occur, such as inclement weather, natural disasters, health epidemics, transportation disruptions or labor unrest. In addition, if our third-party logistics service providers fail to comply with applicable rules and regulations in China, the delivery of pre-owned consumer electronics could be materially and adversely affected. We may not be able to find reliable alternative third-party logistics companies to provide delivery services in a timely manner, or at all. Delivery of pre-owned consumer electronics could also be affected or interrupted by the merger, acquisition, insolvency or shut-down of the delivery companies we engage to

make deliveries, especially those local companies with relatively small business scales. If pre-owned consumer electronics are not delivered in proper conditions or on a timely basis, buyers may refuse to accept products purchased on our platform and lose confidence in our platform, and our business and reputation could suffer. Furthermore, delivery personnel of contracted third-party logistics service providers act on our behalf and directly interact with consumers or third-party merchants. We need to effectively manage these third-party logistics service providers to ensure the quality of customer services. We have in the past received user complaints from time to time regarding our delivery and return and exchange services. Any failure to provide high-quality delivery services to consumers or third-party merchants may negatively impact their experience with us, damage our reputation and business operations.

As of December 31, 2024, we had seven regional operation centers across mainland China and one regional operation center in Hong Kong. A vast majority of pre-owned consumer electronics sold on our marketplaces are first shipped to our operation centers in different locations for inspection, grading and pricing before they are sold to buyers. In addition, our operation centers serve as warehouses for pre-owned consumer electronics before they are delivered to buyers. If any business interruptions or accidents, including health pandemics and fires, were to occur, causing damage to pre-owned consumer electronics or our operation centers, our ability to provide services such as inspection, grading and pricing services could be materially and adversely affected and the shipment of pre-owned consumer electronics could be delayed. We cannot assure you that operation interruptions or service suspensions would not occur in the future. Any interruption or suspension of operation could have a material adverse effect on our market reputation, business, financial condition and results of operations.

***Our product delivery, return, exchange and warranty policies may materially and adversely affect our results of operations.***

We have adopted shipping policies that do not necessarily pass the full cost of shipping on to consumers and third-party merchants. We also have adopted customer-friendly return and exchange policies that make it convenient and easy for consumers and third-party merchants to change their minds after completing purchases. In addition, pre-owned consumer electronics sold on our Paipai online stores are also subject to a one-year warranty. We may also be required by law to adopt new or amend existing return and exchange or warranty policies from time to time. These policies improve customers' experience with us and promote customer loyalty, which in turn help us acquire and retain consumers and third-party merchants. However, these policies also subject us to additional costs and expenses which we may not recoup through increased revenue. Our ability to handle a large volume of returns is unproven. If our return and exchange policy is misused by a significant number of consumers and third-party merchants, our costs may increase significantly and our results of operations may be materially and adversely affected. If we revise these policies to reduce our costs and expenses, consumers and third-party merchants may be dissatisfied, which may result in loss of existing consumers and third-party merchants or failure to acquire new consumers and third-party merchants at a desirable pace, which may materially and adversely affect our results of operations. In addition, any negative publicity related to the quality of pre-owned consumer electronics sold on our marketplaces, with or without merits, could damage our brand image, decrease customer demand, and thus materially and adversely affect our business, operating results and financial condition.

***We may be subject to product liability claims.***

The pre-owned consumer electronics sold, either by third-party merchants or by us, on our online marketplaces may be defective. As a result, sales of such products could expose us to product liability claims relating to personal injury or property damage and may require product recalls or other actions. Third parties subject to such injury or damage may bring claims or legal proceedings against us as the seller of the product. Although we would have legal recourse against the manufacturer of such products under mainland China law, attempting to enforce our rights against the manufacturer may be expensive, time-consuming and ultimately futile. In addition, we do not currently maintain any third-party liability insurance or product liability insurance in relation to products we sell. As a result, any material product liability claim or litigation could have a material and adverse effect on our business, financial condition and results of operations. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation.

***If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.***

We depend on our demand forecasts for various kinds of pre-owned consumer electronics to manage our inventory. Demand for pre-owned consumer electronics, however, can change significantly between the time inventory is ordered and the date by which they are sold. Demand may be affected by seasonality, new product launches, changes in product cycles and pricing, product defects, and changes in consumer spending patterns, among other factors, and consumers and third-party merchants may not order pre-owned consumer electronics in the quantities that we expect.

Our net inventories were RMB433.5 million, RMB1,017.2 million and RMB535.1 million (US\$73.3 million) as of December 31, 2022, 2023 and 2024, respectively. As we plan to continue expanding our product offerings, we expect to include more pre-owned consumer electronics and other types of pre-owned goods in our inventory, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system.

If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may have to lower sale prices in order to reduce inventory level, which may lead to lower income from operations. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our results of operations and financial condition.

On the other hand, if we underestimate demand for certain pre-owned consumer electronics, or if we are unable to obtain sufficient amount of pre-owned consumer electronics in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenues, any of which could harm our business and reputation.

***Our business, results of operations and reputation could be negatively affected by services provided by third-party cloud service providers.***

We use third-party cloud service providers to provide us with cloud services to support our business operations. With the expansion of our business, we may be required to upgrade our technology and infrastructure or those of cloud service providers to keep up with the increasing traffic on our platform. If the services provided are unable to meet our demand, or are disrupted, restricted, curtailed or degraded in any way or become unavailable to us, our business may be materially and adversely affected. In addition, we cannot assure you that we will be able to maintain amicable relationships with our cloud service providers. Our cloud service providers could choose to terminate their relationships with us or propose terms that we cannot accept. If we have to engage other cloud service providers and have to migrate our business operation data to new service providers, we cannot guarantee a smooth transition. We may suffer from unexpected incidents in the transition such as data loss, service interruptions, or loss of certain functionalities. As a result, we may have to incur extra expenses to mitigate losses incurred due to these incidents, which could be substantial. Most importantly, we may experience business interruptions due to these unexpected incidents, which would adversely affect our business operations and could also materially and adversely our results of operations. Besides, we have no control over the costs of the services provided by cloud service providers. If the prices we pay for those services rise significantly, our results of operations may be materially and adversely affected.

***Our results of operations may be subject to seasonal fluctuations.***

We experience a moderate level of seasonality in our business primarily as a result of new product launches by consumer electronics manufacturers and promotional campaigns by e-commerce platforms in China. For example, we generally experience higher customer traffic and purchase orders during e-commerce platforms' special promotional campaigns on June 18 and November 11 each year. In addition, new product launches by major cell phone brands such as Apple each year also boost our customer traffic and purchase orders. All of these activities can affect our results for those quarters. Overall, the historical seasonality of our business has been relatively mild since we are in cooperation with multiple consumer electronics manufacturers which historically had product launches generally throughout a year. Our financial condition and results of operations for future periods may continue to fluctuate. As a result, the trading price of our ADSs may fluctuate from time to time due to seasonality.

***Our operations outside China are subject to a variety of costs and legal, regulatory, political and economic risks.***

International expansion is a significant component of our growth strategy and may require significant capital investment, which could strain our resources and adversely impact current performance, while adding complexity to our current operations. Our overseas operations are subject to the laws of the countries in which we operate. If any of our overseas operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business and operating results.

In addition, we may face operational issues that could have a material adverse effect on our reputation, business and results of operations. These issues include, without limitation:

- difficulties in developing, staffing and simultaneously managing a foreign operation as a result of distance, language and cultural differences;
- challenges in formulating effective local sales and marketing strategies targeting users from various jurisdictions and cultures, who have a diverse range of preferences and demands;
- challenges in identifying appropriate local business partners and establishing and maintaining good working relationships with them;
- dependence on local platforms in marketing our products and services overseas;
- challenges in selecting suitable geographical regions for international business;
- longer customer payment cycles;
- currency exchange rate fluctuations;
- political or social unrest or economic instability;
- protectionist or national security policies that restrict our ability to invest in or acquire companies; develop, import or export certain technologies, such as the national AI initiative proposed by the United States government; or utilize technologies that are deemed by local governmental regulators to pose a threat to their national security;
- compliance with applicable foreign laws and regulations and unexpected changes in laws or regulations, including compliance with privacy laws and data security laws, including the European Union General Data Protection Regulation, and compliance costs across different legal systems;
- differing, complex and potentially adverse customs, import/export laws, tax rules and regulations or other trade barriers or restrictions which may be applicable to transactions conducted through our international and cross-border platform, related compliance obligations and consequences of non-compliance, and any new developments in these areas; and
- increased costs associated with doing business in foreign jurisdictions.

One or more of these factors could harm our overseas operations and consequently, could harm our overall results of operations.

***If we determine our goodwill and other intangible assets to be impaired, our results of operations and financial condition may be adversely affected***

We conducted several acquisition transactions, including the acquisition of Paipai Marketplace from JD Group in June 2019. As a result of these transactions, we recognized goodwill and intangible assets (other than goodwill). The value of goodwill and other intangible assets arising from the transactions we conducted is based on forecasts, which are in turn based on a number of assumptions. In particular, we have assumed the brand name “拍拍” owned by JD Group which has an economic life of ten years. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may have to write off a significant amount of our goodwill and intangible assets and record an impairment loss, which could in turn adversely affect our results of operations. As of December 31, 2023, the goodwill had been fully impaired. The carrying amount of intangible assets were RMB56.6 million (US\$7.8 million) as of December 31, 2024.

We determine whether certain intangible assets are impaired at least on an annual basis and there are inherent uncertainties relating to these factors and to our management's judgment in applying these factors to the impairment assessment. We are required to evaluate the impairment prior to the annual assessment if there are any impairment indicators, including disruptions to the operations of acquired companies, unexpected significant declines in operating results or a decline in our market capitalization, any of which could be caused by a failure to successfully operate acquired companies.

We may also suffer impairment loss if the performance of acquired companies is within the management's expectation, but does not align with market. If we record an impairment loss as a result of these or other factors, our results of operations and financial condition may be adversely affected. In addition, impairment loss could also negatively affect our financial ratios, limit our ability to obtain financing and adversely affect our financial position. Any potential change in the amortization period of intangible assets could also increase the amortization expenses charged to our profit or loss following our regular assessment, which could in turn adversely affect our results of operations.

***If we are unable to conduct our marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.***

We have incurred significant expenses on a variety of different marketing and brand promotion efforts designed to expand our customer base, increase the transaction volume on our platform and enhance our brand recognition. For example, we entered into cooperation with top live streaming platforms to promote our platform and sell pre-owned consumer electronics. We have also placed a substantial amount of advertisements on JD Group's platform. Our brand promotion and marketing activities may not be well received by consumers or third-party merchants and may not realize the levels of effectiveness that we anticipate. We incurred selling and marketing expenses of RMB1,536.1 million in 2022, RMB1,250.9 million in 2023 and RMB1,367.0 million (US\$187.3 million) in 2024. These selling and marketing expenses include amortization and impairment of intangible assets and deferred cost, which primarily represents amortization and impairment of the business cooperation agreement, non-compete commitment, and brand names arising from the acquisition of Paipai Marketplace and deferred cost arising from business cooperation agreement with Kuaishou. Amortization of intangible assets and deferred cost amounted to RMB352.7 million in 2022, RMB288.7 million in 2023 and RMB214.0 million (US\$29.3 million) in 2024. Impairment of intangible assets and deferred cost amounted to RMB271.1 million in 2022, nil in 2023 and nil in 2024. Marketing approaches and tools in the pre-owned consumer electronics transactions and services market in China are evolving. This further requires us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner could reduce our market share, cause our net revenues to decline and negatively impact our profitability.

***Our success depends on the continuing and collaborative efforts of our management team, and our business may be severely disrupted if we lose their services.***

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

***If we are unable to recruit, train and retain qualified personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected***

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

***Failure to obtain certain filings, approvals, licenses, permits and certificates required for our business operations may materially and adversely affect our business, financial condition and results of operations.***

In accordance with the mainland China laws and regulations, we are required to maintain various approvals, licenses, permits and filings to operate our business, including but not limited to business license, electronic data interchange license, commercial franchise filing, and those with respect to environment protection and fire safety inspection. The obtaining of these approvals, licenses, permits and filings are subject to satisfactory compliance with, among other things, the applicable laws and regulations.

We have not obtained business operation license for some of the offline AHS stores that we directly operate. As of December 31, 2024, there were a total of 28 offline AHS stores directly operated by us for which we had not obtained business operation license. Pursuant to the Administrative Regulations of the PRC on Company Registration and the Measures for the Investigation and Punishment of Unpermitted and Unlicensed Business Operations, failure to obtain business operation license for each offline AHS store will result in a fine up to RMB10,000. We are currently in the process of obtaining business license and completing the filings.

Our collaboration with AHS store partners to jointly operate offline AHS stores is subject to the mainland China regulations governing franchise business. As advised by our PRC counsel, Han Kun Law Offices, mainland China laws and regulations require a franchiser to make franchise filing with the governmental authorities after entering into the first franchising agreement, and to further update such filing within 30 days after any change occurs to the filed information including those regarding the distribution of all franchisee stores across mainland China. Failure to do so may subject such franchiser to governmental authority's order for the completion of such filings within a prescribed period of time and a fine up to RMB50,000. If such filings are not completed within the prescribed period of time, a fine up to RMB100,000 may be imposed and an announcement shall be made accordingly. We have completed the initial franchise filing for our brand AHS. However, jointly-operated offline AHS stores have been opened from time to time along with the development of our business. As a result, we are required to update our franchise filing on time to reflect the change in the distribution of franchisee stores pursuant to the mainland China laws and regulations. As of the date of this annual report, we have not been subject to any order to complete updated franchise filings, nor have we been subject to any fines. We update our franchise filings at regular intervals to reflect the change in the distribution of franchisee stores.

Furthermore, uncertainties exist with respect to the interpretation of legal requirements regarding certain licenses and permits. In practice, the government authorities may take the view that certain license is not required for operating our business though there may be different interpretations with respect to the licensing requirements. We

cannot assure you that the government authorities' interpretation on such licensing requirements will remain the same in the future. If we are required to obtain the licenses, we will have to obtain those licenses in a timely manner. In addition, government authorities may impose additional licenses or permits or provides more strict supervision requirements in the future. There is no guarantee that we would be able to obtain such licenses or permits or meet all the supervision requirements in a timely manner, or at all. If we and our subsidiaries (i) do not receive or maintain any necessary permissions or approvals from PRC authorities to operate business, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) if applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we cannot assure you that we will be able to obtain the necessary permissions or approvals in a timely manner, or at all, and such permissions and approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our ability to continue to offer securities to investors, and cause the value of our shares or the ADSs to significantly decline or be worthless.

***Our leased property interest may be defective and such defects may negatively affect our right to such leases.***

We currently lease several premises in China. Ownership certificates or other similar proof of certain leased properties have not been provided to us by the lessors. Therefore, we cannot assure you that such lessors are entitled to lease the real properties to us. It is also likely that the construction of such leased properties was illegal and such properties may be ordered by government authorities to be demolished. In addition, a lessor may have failed to lease a property to us in accordance with the intended use specified on the land use right certificate. As a result, we may not be able to continue to use such leased properties and have to relocate to other premises. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be adversely affected.

In addition, under the mainland China laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. The lease agreements for some of our leased properties in mainland China have not been registered with the PRC government authorities. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the authority. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

***Any failure or perceived failure by us to comply with anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.***

We have historically invested in or acquired certain assets or equity interests in other companies. We have also been invested by certain investors and entered into business cooperation with certain investor. In the future, we may continue to conduct acquisitions or investment transactions. By conducting these transactions, we are subject to risks related to compliance with anti-monopoly laws and regulations. The mainland China anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law. In March 2018, the State Administration for Market Regulation was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the departments under the Ministry of Commerce, the National Development and Reform Committee, or the NDRC, and the State Administration for Industry and Commerce of the PRC (which is the predecessor of the State Administration for Market Regulation), respectively. Since its inception, the State Administration for Market Regulation has continued to strengthen anti-monopoly enforcement:

- On December 28, 2018, the State Administration for Market Regulation issued the Notice on Anti-monopoly Enforcement Authorization, which grants authorities to its province-level branches to conduct anti-monopoly enforcement within their respective jurisdictions.
- On February 7, 2021, the Anti-monopoly Commission of the State Council officially promulgated the Guidelines to Anti-Monopoly for Platform Economy. Pursuant to an official interpretation from the Anti-monopoly Commission of the State Council, the Guidelines to Anti-Monopoly for Platform Economy mainly covers five aspects, including general provisions, monopoly agreements, abusing market dominance, concentration of undertakings, and abusing of administrative powers eliminating or restricting

competition. The Guidelines to Anti-Monopoly for Platform Economy prohibits certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). In addition, the Guidelines to Anti-Monopoly for Platform Economy also reinforces antitrust merger review for internet platform related transactions to safeguard market competition. Considering the substantial uncertainty over the interpretation and implementation of the Guidelines to Anti-Monopoly for Platform Economy, we are uncertain to estimate its specific impact on our business, financial condition, results of operations and prospects.

- On June 24, 2022, the Standing Committee of the National People's Congress of the PRC adopted the Decision to Amend the PRC Anti-Monopoly Law, which became effective on August 1, 2022. Such amendment stipulates that where a concentration of undertakings does not meet the threshold for declaration set by the State Council, but there is evidence that the concentration of undertakings has or may have the effect of excluding or limiting competition, the law enforcement agencies may order the participants to file the concentration of undertakings. Enforcement agencies have a wide discretion in their enforcement actions. Certain transactions may not trigger reporting requirements prima facie but turn out to be subject to reporting obligations. Not only ongoing transactions, but also historical transactions are subject to their enforcement review.
- On January 22, 2024, the State Council adopted the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, and pursuant to which, undertakings must declare to the State Council's anti-monopoly law enforcement agency if a concentration meets either of following thresholds: (i) the aggregate worldwide turnover of all the undertakings participating in the concentration in the last accounting year exceeds RMB12 billion, and at least two of these undertakings each have a turnover in China of more than RMB800 million in the last accounting year; or (ii) the total turnover in China of all the undertakings participating in the concentration in the last accounting year exceeds RMB4 billion, and at least two of these undertakings each have a turnover in China of more than RMB800 million in the last accounting year. Declarations may also be required if there is evidence that the concentration of undertakings has or may have the effect of eliminating or restricting competition, and the anti-monopoly law enforcement agency under the State Council may require the undertakings to make a declaration.
- On April 25, 2024, the State Administration for Market Regulation issued Anti-monopoly Compliance Guideline for Operators (2024), which requires, under the PRC Anti-monopoly Law, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks.

We cannot assure you that we will not be subject to any enforcement actions in our future acquisition transactions, nor can we guarantee that our historical acquisition transactions or our shareholders' investments in our company are in full compliance with anti-monopoly laws and regulations in all respects. If any non-compliance is raised by authorities and determined against us or our counterparties in transactions, we may be subject to fines and other penalties and, in extreme cases, completed historical transactions may have to be rescinded so as to return to the pre-transaction status, which could have a material and adverse effect on our business, financial condition and results of operations.

***Any breaches to our security measures, including unauthorized access, computer viruses and "hacking" may adversely affect our database and reduce use of our services and damage our reputation and brand names.***

We process and store data during our ordinary course of business, which makes us or third-party service providers who host our servers targets and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins, or similar disruptions. Breaches to our security measures, including computer viruses and hacking, may result in significant damage to our hardware and software systems and database, disruptions to our business activities, inadvertent disclosure of confidential or sensitive information, interruptions in access to our platform, and other material adverse effects on our operations, during the transfer of data or at any time, and result in

persons obtaining unauthorized access to our systems and data. Our systems may be subject to infiltration as a result of third-party action, employee error, malfeasance or otherwise. While we have taken steps to protect the confidential information that we have access to, techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platform could cause confidential customer and investor information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of any third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with customers and investors could be severely damaged, we could incur significant liability and our business and operations could be adversely affected.

***The proper functioning of our technology platform is essential to our business. Any failure to maintain the satisfactory performance of our websites, mobile apps and systems could materially and adversely affect our business and reputation.***

The satisfactory performance, reliability and availability of our technology platform are critical to our success and our ability to attract and retain consumers and third-party merchants and provide quality customer service. Almost all of the sales of pre-owned consumer electronics are made through our online marketplaces. The operations of offline AHS stores also rely on our proprietary business management systems and other technology systems. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems that result in the unavailability or slowdown of our mobile apps and websites or reduced order fulfillment performance could reduce the volume of products sold and the attractiveness of product offerings on our mobile apps and websites. Our servers may also be vulnerable to computer viruses, physical or electronic breaks and similar disruptions, which could lead to system interruptions, website slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfill customer orders. Security breaches, computer viruses and hacking attacks have become more prevalent in our industry. Because of our brand recognition in the pre-owned consumer electronics transactions and services industry in China, we believe we are a particularly attractive target for such attacks. We have experienced in the past, and may experience in the future, such attacks and unexpected interruptions. We can provide no assurance that our current security mechanisms will be sufficient to protect our IT systems from any third-party intrusions, viruses or hacker attacks, information or data theft or other similar activities. Any such future occurrences could reduce customer satisfaction, damage our reputation and result in a material decrease in our revenue.

Additionally, we must continue to upgrade and improve our technology platform to support our business growth, and failure to do so could impede our growth. However, we cannot assure you that we will be successful in executing these system upgrades and improvement strategies or when the execution of these system upgrades and improvement strategies will be effective. In particular, our systems may experience interruptions during upgrades, and the new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all. If our existing or future technology platform does not function properly, it could cause system disruptions and slow response times, affecting data transmission, which in turn could materially and adversely affect our business, financial condition and results of operations.

***Our business is dependent on the performance of the internet and mobile internet infrastructure and telecommunications networks in China, which may not be able to support the demands associated with our growth.***

Our business operations are heavily dependent on the performance and reliability of China's internet infrastructure, the continual accessibility of bandwidth and servers to our service providers' networks, and the continuing performance, reliability and availability of our technology platform. We use the internet to deliver services to consumers and third-party merchants, who access our websites and mobile apps on the internet. We rely on major Chinese telecommunication companies to provide us with bandwidth for our services, and we may not have any access to comparable alternative networks or services in the event of disruptions, failures or other problems. Internet access may not be available in certain areas due to national disasters, such as earthquakes, or local government decisions. Surges in internet traffic on our platform, regardless of the cause, may seriously disrupt services we provide through our platform and in-store or cause our technology systems and our platform to shut down. If we experience technical problems in delivering our services over the internet either at national or regional level or system shut downs, we

could experience reduced demand for our services, lower revenues and increased costs. Consequently, our business, results of operations and financial condition would be adversely affected.

***Customer growth and activity on mobile devices depends upon effective use of mobile operating systems, networks and standards that we do not control.***

In addition to our websites, consumers and third-party merchants can also access to our services through our mobile apps. Although transactions conducted on our mobile apps historically did not account for a significant portion of the total transactions on our marketplaces, our future growth and our results of operations could suffer if we experience difficulties in integrating our mobile apps into mobile devices or if problems arise with our relationships with providers of mobile operating systems or mobile app download stores, if our apps receive unfavorable treatment compared to competing apps on the download stores, or if we face increased costs to distribute or have consumers or third-party merchants use our mobile apps. We are further dependent on the interoperability of our mobile apps with popular mobile operating systems that we do not control, such as iOS and Android, and any changes in such systems that degrade the functionality of our sites or give preferential treatment to competitive products could adversely affect the usage of our sites on mobile devices. In the event that it is more difficult for consumers or third-party merchants to access and use our sites on their mobile devices, or if consumers or third-party merchants choose not to access or to use our sites on their mobile devices or to use mobile products that do not offer access to our sites, our customer growth could be harmed and our business, financial condition and operating results may be adversely affected.

***We have granted, and may continue to grant, options and other types of awards under our Share Incentive Plan, which may result in increased share-based compensation expenses.***

We adopted the Amended and Restated Share Incentive Plan in March 2016, which, together with five subsequent amendments, are referred to as the 2016 Plan, for the purpose of granting share-based compensation awards to attract, motivate, retain and reward certain directors, officers, employees and other eligible persons and to further link the interests of award recipients with those of our shareholders. The maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2016 Plan is 21,920,964 ordinary shares. As of February 28, 2025, we had granted options to purchase 31,091,661 ordinary shares, among which options to purchase a total of 9,459,508 ordinary shares are outstanding. We have also adopted the 2021 share incentive plan in 2021, which was amended and restated in March 2023, or the 2021 Plan, to expand the award pool. The maximum aggregate number of ordinary shares that may be issued under the 2021 Plan is 12,150,080. As of February 28, 2025, 6,516,258 restricted share units had been granted, among which 40,000 were outstanding, and options to purchase 5,958,603 ordinary shares had been granted, among which options to purchase a total of 2,727,021 ordinary shares were outstanding under the 2021 Plan.

We recorded share-based compensation expenses of RMB174.2 million in 2022, RMB134.4 million in 2023 and RMB166.7 million (US\$22.8 million) in 2024. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. In addition, the issuance of additional equity upon the exercise of options or other types of awards would result in further dilution to our shareholders.

***We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.***

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete agreements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third

parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

***We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.***

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by products or services offered by us or by third-party merchants on our marketplaces, or other aspects of our business. There could also be existing patents of which we are not aware that our products or other aspects of our business may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China, the United States or any other jurisdictions. Further, the application and interpretation of mainland China's patent laws and the procedures and standards for granting patents in mainland China are still evolving and are uncertain, and we cannot assure you that mainland China courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's attention and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Moreover, we use open-source software in connection with our products and services. Companies that incorporate open-source software into their products and services have, from time to time, faced claims challenging the ownership of open-source software and compliance with open-source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open-source software or noncompliance with open-source licensing terms. Some open-source software licenses require users who distribute open-source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open-source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, results of operations and financial condition.

***If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.***

We are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report that contains our management's assessment of the effectiveness of our company's internal control over financial reporting in our annual report. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting if exemptions are not available to us.

In connection with the preparation of our consolidated financial statements as of and for the fiscal year ended December 31, 2024, our management has concluded that our internal control over financial reporting was effective as of December 31, 2024. See “Item 15. Controls and Procedures.” Our management may conclude that our internal control over financial reporting is not effective in the future. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the requirements differently from us. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify weaknesses and deficiencies in our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally speaking, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our businesses, financial condition, results of operations and prospects, as well as the trading price of the ADSs, may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

***We have limited insurance coverage, which could expose us to significant costs and business disruption.***

We provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. However, insurance companies in China currently offer limited business-related insurance products. Consistent with customary industry practice in China, we do not maintain business interruption or product transportation insurance, nor do we maintain key-man insurance. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

***We may, from time to time, be subject to legal proceedings or administrative penalties during the course of our business operations.***

We may be subject to legal proceedings or administrative penalties from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations and financial condition. Claims arising out of actual or alleged violations of law could be asserted against us by consumers and businesses that utilize our services, by competitors, or by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including those related to product liability, consumer protection, intellectual property, unfair competition, privacy, labor and employment, securities, real estate, tort, contract, property and employee benefit. We may continue to be involved in various legal or administrative proceedings and there is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including suspension or revocation of licenses to conduct business.

***Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.***

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies. For example, on October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment to implement the executive order of August 9, 2023. The final rule became

effective on January 2, 2025. The final rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as Covered Foreign Persons. U.S. persons subject to the final rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as Covered Transactions. If we were to be deemed a Covered Foreign Person due to changes in our business operations or amendments to relevant laws and regulations, our ability to raise capital would be significantly and negatively affected. In such case, the trading price of our shares and/or the ADSs may be materially and adversely affected. In addition, the U.S. has imposed or proposed the imposition of new tariffs on products imported into the U.S. from a number of countries, such as China and Canada and could propose additional tariffs or increases to those already in place. Although cross-border business may not be an area of our focus, if we plan to expand internationally in the future, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from being able to sell products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or, in particular, if the U.S. government takes further retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, results of operations.

***We may need additional capital, and financing may not be available on terms acceptable to us, or at all.***

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to improve our brand awareness, build and maintain our offline network, develop new products or services or further improve existing products and services, and acquire complementary businesses and technologies. If our existing resources are insufficient to satisfy our cash requirements, we may seek to obtain a credit facility or sell additional equity or debt securities. The sale of additional equity securities could result in dilution of our existing shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Our ability to retain our existing financial resources and obtain additional financing on acceptable terms is subject to a variety of uncertainties, including:

- economic, political and other conditions in China or other jurisdictions where we plan to raise funds in;
- PRC governmental policies relating to bank loans and other credit facilities;
- PRC governmental regulations of foreign investment and the automobile industry in China;
- conditions of capital markets in which we may seek to raise funds; and
- our future results of operations, financial condition and cash flows.

If we are unable to obtain adequate financing or financing on satisfactory terms, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, results of operations, financial condition and prospects could be adversely affected.

***We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.***

Our business could be adversely affected by the effects of epidemics, including COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations, including our fulfillment infrastructure and our customer service centers, and may even require a temporary closure of our facilities. In recent years, there have been outbreaks of epidemics in China and globally.

We are also vulnerable to natural disasters and other calamities. If any such disaster were to occur in the future affecting the places where we have major operations in China, our operations could be materially and adversely affected due to loss of personnel and damages to property, including our inventory and our technology systems. Our operation could also be severely disrupted if our suppliers, consumers, third-party merchants or business partners were affected by such natural disasters or health epidemics.

### **Risks Related to Doing Business in China**

***The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors of the benefits of such inspections.***

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

***Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.***

Pursuant to the HFCAA, which was amended by the Consolidated Appropriations Act, 2023 in December 2022, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States and the NYSE may determine to delist the ADSs.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. Our auditor's headquarters is located in mainland China and thus was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended December 31, 2024.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities

would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

***Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.***

A substantial majority of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The PRC economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. Any prolonged slowdown in the global and Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

***Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us.***

We conduct our business primarily through our subsidiaries in China. Our operations in mainland China are governed by laws and regulations in mainland China, including foreign investment laws in mainland China. The mainland China's legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. In addition, any new or changes in mainland China laws and regulations related to foreign investment in mainland China could affect the business environment and our ability to operate our business in China.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since mainland China administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

The PRC government has significant oversight over the conduct of our business and it has recently indicated an intent to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based

issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

***The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.***

We conduct our business primarily through our subsidiaries in mainland China, including Shanghai Wanwuxinsheng. Our operations in mainland China are governed by laws and regulations in mainland China. The PRC government, through the evolving regulatory system, has significant oversight over the conduct of our business operation and may intervene or influence our operations and exert more oversight and control over our operations and offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material adverse change in our operation and/or the value of our ADSs. Currently, the PRC government does not directly intervene our operations through political orders or otherwise. Nonetheless, we cannot rule out the possibility that the PRC government may, through the evolving regulatory system, intervene or exert more influence over our operations, offerings conducted overseas and/or foreign investment in China-based issuers.

For example, on July 6, 2021, the PRC government authorities made public the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On December 28, 2021, the Cyberspace Administration of China and other PRC governmental authorities jointly issued the Measures for Cybersecurity Review, which took effect on February 15, 2022, requiring that, among others, operators of “critical information infrastructure” or data processors holding over one million users’ personal information seeking listing on a stock exchange in a foreign country are subject to cybersecurity review. On July 7, 2022, the Cyberspace Administration of China promulgated the Measures for the Security Assessment of Data Cross-border Transfer, which requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. On February 17, 2023, the CSRC released several regulations regarding overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines and the Notice on Administrative Arrangements for the Filing of Domestic Enterprise’s Overseas Offering and Listing, collectively, the Overseas Listing Filing Rules, which took effect on March 31, 2023. The Overseas Listing Filing Rules establish new requirements and procedures, essentially filing procedures, for direct or indirect overseas issuance of listed and traded securities by “domestic enterprises.” According to the Overseas Listing Filing Rules, domestic enterprises like us that had completed overseas listings before March 31, 2023 are not required to file with the CSRC in accordance with the Overseas Listing Filing Rules immediately, but shall carry out filing procedures as required if we conduct refinancing or fall within other circumstances that require filing with the CSRC. On September 24, 2024, the State Council issued the Cyber Data Security Regulation, which stipulated certain requirements on network data processing activities, the security and protection of network data, and the reasonable and effective use of network data, and further clarifies the protection of personal information, the security of important data, the management of cross-border security of network data and the obligations of network platform service providers.

Uncertainties exist as to how the above rules are going to be implemented and how certain terms and requirements are going to be interpreted, which needs to be further guided and clarified by the CSRC and other regulatory authorities. If we engage in activities set forth under the new rules and become obligated to do filings in the future, including conducting follow-on offering, effecting a change of control, being investigated or punished by overseas securities regulatory authorities or competent authorities, changing listing status, terminating the listing voluntarily or involuntarily, and changing our major business activities, given the substantial uncertainties surrounding the latest CSRC filing requirements at this stage, we cannot assure you that we will be able to complete the filings or reporting and fully comply with the new rules and requirements in a timely manner or at all. The Chinese government may, through the evolving regulatory system, take actions to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, which could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. In addition, implementation of industry-wide regulations directly targeting our operations could cause the value of our securities to significantly decline. Therefore, investors of our company and our business

face potential uncertainty from actions taken by the PRC government through the evolving regulatory system affecting our business.

***Litigation and negative publicity surrounding China-based companies listed in the U.S. may result in increased regulatory scrutiny of us and negatively impact the trading price of the ADSs and could have a material adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects.***

We believe that litigation and negative publicity surrounding companies with operations in China that are listed in the U.S. have negatively impacted stock prices for such companies. Various equity-based research organizations have published reports on China-based companies after examining, among other things, their corporate governance practices, related party transactions, sales practices and financial statements that have led to special investigations and stock suspensions on national exchanges. Any similar scrutiny of us, regardless of its lack of merit, could result in a diversion of management resources and energy, potential costs to defend ourselves against rumors, decreases and volatility in the ADS trading price, and increased directors and officers insurance premiums and could have a material adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects.

***You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us, our directors, or our management based on foreign laws.***

We are a company incorporated under the laws of the Cayman Islands, and a majority of our assets and operations are located in China. In addition, Mr. Jingbo Wang, an independent director of our company, is a resident of Hong Kong, and all of our other directors and officers listed in “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management” reside within mainland China. All of them are PRC nationals and are based in mainland China. As a result, it may be difficult for you to effect service of process upon us or those persons inside mainland China. It may also be difficult for you to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors as none of them currently resides in the United States or has substantial assets located in the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or mainland China would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. See “Item 4. Information on the Company—B. Business Overview—Regulation—Enforceability of Civil Liabilities in Mainland China” for more details.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts in mainland China may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the mainland China courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of mainland China laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a mainland China court would enforce a judgment rendered by a court in the United States.

Shareholder claims that are common in the United States, including securities law class actions and fraud claims, generally are difficult to pursue as a matter of law or practicality in mainland China. For example, in mainland China, there are significant legal and other obstacles to providing information needed for shareholder investigations or litigation initiated outside mainland China. Although the authorities in mainland China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator may directly conduct investigation or collect evidence within the territory of the PRC and no entities or individuals may provide documents or materials in connection with securities activities without proper authorization as provided by Article 177. While detailed interpretation of or implementation rules under Article 177 have yet to be available, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within mainland China may further increase difficulties faced by investors in protecting your interests. See also “Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs—You may face difficulties in protecting your interests, and your ability

to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law” for risks associated with investing in us as a Cayman Islands company.

***Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.***

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China’s foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of IMF completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the Special Drawing Right basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. This depreciation halted in 2017, and the RMB appreciated approximately 7% against the U.S. dollar during this one-year period. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from our financing activities into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by mainland China’s exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

***Certain mainland China regulations may make it more difficult for us to pursue growth through acquisitions.***

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the Ministry of Commerce be notified in advance of any change of control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned; (ii) such transaction involves factors that have or may have impact on the national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the PRC Anti-Monopoly Law which became effective in 2008 and was last amended in 2022 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the State Administration for Market Regulation before they can be completed. In addition, the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors that became effective in September 2011 and the Measures for the Security Review of Foreign Investment that became effective in January 2021 require acquisitions by foreign investors of mainland China companies engaged in military related or certain other industries that are crucial to national security be subject to

security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the Ministry of Commerce and the NDRC, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

***Mainland China's M&A Rules and certain other regulations establish complex procedures for certain acquisitions of mainland China companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in mainland China.***

A number of mainland China laws and regulations have established procedures and requirements that could make merger and acquisition activities in mainland China by foreign investors more time consuming and complex, such as the *Anti-monopoly Law*, the *Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, or the M&A Rules, the *Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, or the M&A Security Review Rules, and the *Measures for the Security Review of Foreign Investment*, or the Foreign Investment Security Review Measures. These laws and regulations impose requirements in some instances that the Ministry of Commerce and/or the NDRC be notified in advance of any change-of-control transaction in which a foreign investor takes control of a mainland China enterprise. In addition, the *Anti-Monopoly Law* requires that anti-monopoly enforcement agencies be notified in advance of any concentration of undertaking if certain thresholds are triggered. The M&A Security Review Rules provide that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Moreover, the Foreign Investment Security Review Measures provide that foreign investors or the parties in mainland China shall proactively report to the Office of the Working Mechanism any foreign investment in, among other sectors, important information technology and internet products and services and key technology that involve national security concerns and result in the foreign investor's acquisition of actual control of the enterprise invested in before making such investment. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the regulations to complete such transactions could be time consuming, and any required approval processes, including approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

***Mainland China regulations relating to offshore investment activities by mainland China residents may limit our mainland China subsidiaries' ability to change their registered capital or distribute profits to us or otherwise expose us or our beneficial owners who are mainland China residents to liability and penalties under mainland China law.***

In July 2014, the State Administration of Foreign Exchange, or the SAFE, promulgated the *Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles*, or SAFE Circular 37. SAFE Circular 37 requires mainland China residents (including mainland China individuals and mainland China corporate entities as well as foreign individuals that are deemed as mainland China residents for foreign exchange administration purpose) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities and also requires the foreign-invested enterprise that is established through round-trip investment to truthfully disclose its controller(s). SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of a mainland China individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders or beneficial owners who are mainland China residents and may be applicable to any offshore acquisitions that we make in the future. In February 2015, SAFE promulgated a *Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment*, or SAFE Notice 13, effective since June 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, should

be filed with qualified banks instead of SAFE. The qualified banks examine the applications and accept registrations under the supervision of SAFE.

Any failure or inability of the shareholders or beneficial owners who are mainland China residents to comply with the registration procedures set forth in these regulations, or any failure to disclose or misrepresentation of the controller(s) of the foreign-invested enterprise that is established through round-trip investment, may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our mainland China subsidiaries to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under mainland China law for circumventing applicable foreign exchange restrictions.

We have been notified that each of Mr. Kerry Xuefeng Chen and Mr. Wenjun Sun has completed his initial registration with the local SAFE branch or qualified banks as required by SAFE Circular 37. However, we may not at all times be fully informed of the identities of all the mainland China residents holding direct or indirect interest in our company, and we cannot provide any assurance that these mainland China residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under SAFE Circular 37 or other related rules. As a result, we cannot assure you that all of our shareholders or beneficial owners who are mainland China residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Registration for the change in our entity that is established through round-trip investment might not be completed in a timely manner. Failure by our shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our mainland China subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our mainland China subsidiaries' ability to make distributions or pay dividends or affect our ownership structure. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

***Any failure to comply with mainland China regulations regarding the registration requirements for employee stock incentive plans may subject the plan participants in mainland China or us to fines and other legal or administrative sanctions.***

In February 2012, SAFE promulgated the *Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company*, replacing earlier rules promulgated in 2007. Pursuant to these rules, mainland China citizens and non-mainland China citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the mainland China subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are mainland China citizens or who reside in China for a continuous period of not less than one year and who have been granted options are subject to these regulations. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our mainland China subsidiary and limit our mainland China subsidiary's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under mainland China law. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Stock Incentive Plans."

In addition, the State Administration of Taxation has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in mainland China who exercise share options or are granted restricted shares will be subject to mainland China individual income tax. Our mainland China subsidiaries have obligations to file documents related to employee share options or restricted shares with tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution—Regulations Relating to Stock Incentive Plans."

***Enforcement of stricter labor laws and regulations in mainland China may adversely affect our business and our profitability.***

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

Companies registered and operating in mainland China are required to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees' different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. Certain of our subsidiaries in mainland China did not make such registrations as those subsidiaries did not hire any employees. As a result, we may be subject to orders by the competent labor authorities for rectification and failure to comply with the orders may further subject us to administrative fines.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in mainland China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. If we are deemed to have violated labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

***We may rely on dividends and other distributions on equity paid by our subsidiaries in mainland China to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.***

We are a Cayman Islands holding company and we may rely on dividends and other distributions on equity paid by our subsidiaries in mainland China for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If any of our subsidiaries in mainland China incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Under laws and regulations in mainland China, our subsidiaries in mainland China are wholly foreign-owned enterprise and may pay dividends only out of each of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to a staff welfare and bonus fund. These reserve fund and staff welfare and bonus fund cannot be distributed to us as dividends. To the extent cash or assets in the business is in mainland China or Hong Kong or a mainland China or Hong Kong subsidiary, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to imposition of restrictions and limitations on the ability of the Company or its subsidiaries by the PRC government to transfer cash or assets. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution" for more information.

Our mainland China subsidiaries generate primarily all of their revenue in Renminbi, which is not freely convertible into other currencies. As result, any restriction on currency exchange may limit the ability of our mainland China subsidiaries to use their Renminbi revenues to pay dividends to us.

The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our mainland China subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by mainland China companies to non-mainland China-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-mainland China-resident enterprises are incorporated.

***Governmental control of currency conversion may affect the value of your investment.***

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of mainland China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our mainland China subsidiaries to fund any cash and financing requirements we may have. Under existing mainland China foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our mainland China subsidiaries in mainland China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our mainland China subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside mainland China, or to make other capital expenditure payments outside mainland China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

***Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of financing activities to make loans or additional capital contributions to our mainland China subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.***

We are an offshore holding company conducting our operations in China through our mainland China subsidiaries. We may make loans to our mainland China subsidiaries subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our mainland China subsidiaries.

Any loans to our mainland China subsidiaries, which are treated as foreign-invested enterprises under mainland China law, are subject to mainland China regulations and foreign exchange loan registrations. For example, loans by us to our mainland China subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE, and medium or long-term loans by us to our mainland China subsidiaries must be recorded and registered with the NDRC. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and only by itself within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks' principal-secured products unless otherwise provided by laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for its own use (except for the foreign-invested real estate enterprises).

SAFE promulgated the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, or SAFE Circular 19, effective from June 2015 and last amended in March 2023, in replacement of the Notice of the General Affairs Department of the State Administration of Foreign Exchange on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises, the Supplementary Notice of the General Affairs Department of the State Administration of Foreign Exchange on Relevant Operating Issues Concerning Strengthening the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-Invested Enterprises, and the Notice of the State Administration of Foreign Exchange on Issues Concerning Launching in Some Areas the Pilot Program to Reform the Management Mode of Foreign Exchange Capital Settlement of Foreign-Invested Enterprises. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within mainland China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in mainland China in actual practice. On June 9, 2016, SAFE promulgated *the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account*, or SAFE Circular 16, last amended on December 12, 2023 and effective on the same day, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold to our mainland China subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in mainland China.

In light of the various requirements imposed by mainland China regulations on loans to and direct investment in mainland China entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our mainland China subsidiaries or future capital contributions by us to our mainland China subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our mainland China subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from financing activities and to capitalize or otherwise fund our mainland China operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

***If we are classified as a mainland China resident enterprise for mainland China income tax purposes, such classification could result in unfavorable tax consequences to us and our non-mainland China shareholders or ADS holders.***

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the mainland China with “de facto management body” within China is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, issued *the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management*, or State Administration of Taxation Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a mainland China-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by mainland China enterprises or mainland China enterprise groups, not those controlled by mainland China individuals or foreigners, the criteria set forth in the circular may reflect State Administration of Taxation’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to State Administration of Taxation Circular 82, an offshore incorporated enterprise controlled by a mainland China enterprise or a mainland China enterprise group will be regarded as a mainland China tax resident

by virtue of having its “de facto management body” in China and will be subject to mainland China enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational senior management and senior management department’s performance of their duties is in mainland China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in mainland China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in mainland China; and (iv) at least 50% of voting board members or senior executives habitually reside in mainland China.

We believe that we are not a mainland China resident enterprise for mainland China tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that we are a mainland China resident enterprise for enterprise income tax purposes, we could be subject to mainland China tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to mainland China tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within mainland China. Furthermore, if we are deemed a mainland China resident enterprise, dividends payable to our non-mainland China individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to mainland China tax at a rate of 10% in the case of non-mainland China enterprises or a rate of 20% in the case of non-mainland China individuals unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-mainland China shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a mainland China resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or Class A ordinary shares.

***We face uncertainty with respect to indirect transfers of equity interests in mainland China resident enterprises by their non-mainland China holding companies.***

In February 2015, the State Administration of Taxation issued *the Public Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises*, or State Administration of Taxation Public Notice 7. State Administration of Taxation Public Notice 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, State Administration of Taxation Public Notice 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. State Administration of Taxation Public Notice 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the mainland China entity which directly owns the taxable assets may report to the tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring mainland China tax. As a result, gains derived from such indirect transfer may be subject to mainland China enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a tax rate of 10% for the transfer of equity interests in a mainland China resident enterprise. Both the transferor and the transferee may be subject to penalties under mainland China tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes. However, according to safe harbor rule under State Administration of Taxation Public Notice 7, the mainland China tax would not be applicable to the transfer by any non-resident enterprise of ADSs of the Company acquired and sold on public securities markets.

On October 17, 2017, the State Administration of Taxation issued *the Public Notice on Issues Relating to Withholding at Source of Income Tax of Non-Resident Enterprises*, or the State Administration of Taxation Public Notice 37, which came into effect on December 1, 2017. According to State Administration of Taxation Public Notice 37, where the non-resident enterprise fails to declare its tax payable pursuant to Article 39 of the PRC Enterprise Income Tax Law, the tax authority may order it to pay its tax due within required time limits, and the non-resident enterprise shall declare and pay its tax payable within such time limits specified by the tax authority. If the

non-resident enterprise voluntarily declares and pays its tax payable before the tax authority orders it to do so, it shall be deemed that such enterprise has paid its tax payable in time.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-mainland China resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation and request our mainland China subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under State Administration of Taxation Public Notice 7 and State Administration of Taxation Public Notice 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

***The approval of the CSRC or other PRC government authorities may be required in connection with our future offshore offerings under mainland China law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval.***

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of mainland China domestic companies and controlled by mainland China persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in mainland China, restrictions or limitations on our ability to pay dividends outside of mainland China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the PRC government authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On December 28, 2021, the Cyberspace Administration of China and other PRC governmental authorities jointly issued the Measures for Cybersecurity Review, which took effect on February 15, 2022, requiring that, among others, operators of "critical information infrastructure" or data processors holding over one million users' personal information seeking listing on a stock exchange in a foreign country are subject to a cybersecurity review. Our PRC counsel has consulted the government authority in mainland China, which confirmed that, under the currently effective laws and regulations in mainland China, a company already listed in a foreign stock exchange before promulgation of the latest Measures for Cybersecurity Review is not required to go through a cybersecurity review by the Cyberspace Administration of China to maintain its listing status on the foreign stock exchange on which its securities have been listed. Therefore, we believe that under the currently effective laws and regulations in mainland China, we are not required to go through a cybersecurity review by the Cyberspace Administration of China for our past issuance of securities to foreign investors through public offering and maintaining our listing status on the NYSE. On July 7, 2022, the Cyberspace Administration of China promulgated the Measures for the Security Assessment of Data Cross-border Transfer, which requires that any data processor providing important data collected and generated during operations within mainland China or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. On February 17, 2023, the CSRC released Overseas Listing Filing Rules, which were formally implemented on March 31, 2023. The Overseas Listing Filing Rules establish new requirements and procedures, essentially filing procedures, for direct or indirect overseas issuance of listed and traded securities by "domestic enterprises." According to the Overseas Listing Filing Rules and as advised by our PRC counsel, issuers that had completed overseas listings before March 31, 2023, such as our company, are not required to file with the CSRC in accordance with the Overseas Listing Filing Rules immediately, but will be required to complete certain filing procedures with the CSRC in connection with future securities offerings and listings outside of mainland China, including follow-on offerings, issuance of convertible

bonds, offshore relisting after going-private transactions, and other equivalent offering activities. On September 24, 2024, the State Council issued the Cyber Data Security Regulation, which stipulated certain requirements on network data processing activities, the security and protection of network data, and the reasonable and effective use of network data, and further clarifies the protection of personal information, security of important data, management of cross-border security of network data and obligations of network platform service providers.

There exist uncertainties about how to further refine and implement the requirements, which needs to be further guided and clarified by the CSRC and other regulatory authorities. If we have subsequent filing or reporting matters in the future, such as any follow-on offering, as well as other major events, including the change of control, investigated or punished by overseas securities regulatory authorities or competent authorities, changing listing status or listing sector, terminating the listing voluntarily or forcibly, and changing our major business activities, given the substantial uncertainties surrounding the latest CSRC filing requirements at this stage, we cannot assure you that we will be able to complete the filings or reporting and fully comply with the new rules and requirements in a timely manner or at all. Any failure to obtain or delay in obtaining such approval or completing such procedures for our offshore offerings, or a rescission of any such approval if obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization for our offshore offerings. These regulatory authorities may impose fines and penalties on our operations in mainland China, limit our ability to pay dividends outside of mainland China, limit our operating privileges in mainland China, delay or restrict the repatriation of the proceeds from our offshore offerings into mainland China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

## **Risks Related to the ADSs**

### ***The trading price of our ADSs may be volatile, which could result in substantial losses to you.***

The trading price of our ADSs can be volatile and fluctuate widely in response to a variety of factors, many of which are beyond our control. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in the United States may affect the volatility in the price of and trading volumes for our ADSs. Some of these companies have experienced significant volatility. The trading performances of these PRC companies' securities may affect the overall investor sentiment towards other PRC companies listed in the United States and consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

In addition to the above factors, the price and trading volume of our ADSs may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us or our industry, business partners and third parties that collaborate with us;
- announcements of studies and reports relating to the quality of our products or those of our competitors;
- changes in the economic performance or market valuations of our competitors;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the pre-owned consumer electronics transactions and services industry;

- announcements by us or our competitors of acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our issued and outstanding shares or ADSs;
- sales or perceived potential sales of additional Class A ordinary shares or ADSs; and
- proceedings instituted recently by the SEC against five PRC-based accounting firms, including our independent registered public accounting firm.

***Our triple-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial***

We have adopted a triple-class voting structure such that our ordinary shares consist of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares. Holders of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares have the same rights other than voting and conversion rights. Each holder of Class A ordinary shares is entitled to one vote per share, each holder of Class B ordinary shares is entitled to three votes per share and each holder of Class C ordinary shares is entitled to fifteen votes per share subject to vote at our general meetings. Our Class A ordinary shares, Class B ordinary shares and Class C ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Each of the Class B ordinary shares or Class C ordinary shares is convertible into one Class A ordinary share, whereas Class A ordinary shares are not convertible into Class B ordinary shares or Class C ordinary shares under any circumstances. Class B ordinary shares are not convertible into Class C ordinary shares, and vice versa. Upon (a) any direct or indirect sale, transfer, assignment or disposition of Class B ordinary shares by the holder thereof or the direct or indirect transfer or assignment of the voting power attached to such Class B ordinary shares through voting proxy or otherwise to any person that is not ultimately controlled by JD.com, Inc.; or (b) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and outstanding voting securities of, or the direct or indirect transfer or assignment of the voting power attached to such voting securities through voting proxy or otherwise, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B ordinary shares that is an entity to any person that is not ultimately controlled by JD.com, Inc., such Class B ordinary shares are automatically and immediately converted into an equal number of Class A ordinary shares.

Upon (i) any direct or indirect sale, transfer, assignment or disposition of such number of Class C ordinary shares by the holder thereof or the direct or indirect transfer or assignment of the voting power attached to such number of Class C ordinary shares through voting proxy or otherwise to any person that is not an affiliate of such holder; (ii) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and outstanding voting securities of, or the direct or indirect transfer or assignment of the voting power attached to such voting securities through voting proxy or otherwise, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class C ordinary shares that is an entity to any person that is not an affiliate of such holder; (iii) the founder (as defined under the memorandum and articles of association) being neither a director nor the chief executive officer of the Company; (iv) the founder ceases to be the ultimate beneficial owner of any outstanding Class C ordinary shares; (v) the founder ceases to be the ultimate beneficial owner of C&XF Group Limited or any other entity that holds Class C ordinary shares; or (vi) the founder being permanently unable to attend board meetings and manage the business affairs of our company as a result of incapacity solely due to his then physical and /or mental condition (which, for the avoidance of doubt, does not include any confinement against his will), such Class C ordinary shares are automatically and immediately converted into an equal number of Class A ordinary shares.

As of the date of this annual report, Mr. Kerry Xuefeng Chen, our founder, chairman and chief executive officer, beneficially owned all of our issued Class C ordinary shares. JD.com Development Limited beneficially owned all of our issued Class B ordinary shares. Due to the disparate voting powers associated with our triple classes of ordinary shares, Mr. Chen and JD.com Development Limited will have considerable influence over important corporate matters. As of February 28, 2025, Mr. Chen beneficially owned 43.3% of the aggregate voting power of our company, through C&XF Group Limited, a company wholly owned by Mr. Chen, whereas JD entities beneficially owned 36.2%

of the aggregate voting power of our company. Therefore, Mr. Chen and JD.com Development Limited have considerable influence over matters requiring shareholder approval, over matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentrated control will limit your ability to influence corporate matters and could also discourage others from pursuing any potential merger, takeover or other change of control transaction, which could have the effect of depriving the holders of our Class A ordinary shares and our ADSs of the opportunity to sell their shares at a premium over the prevailing market price.

***The concentration of our share ownership among executive officers, directors, and principal shareholders and their affiliated entities will likely limit your ability to influence corporate matters and could discourage others from pursuing any change of control transaction that holders of our ordinary shares and ADSs may view as beneficial.***

As of February 28, 2025, our executive officers, directors, and their affiliated entities together beneficially owned approximately 12.4% of our issued and outstanding ordinary shares on an as-converted basis. As a result of the concentration of ownership, these shareholders will have considerable influence over matters such as decisions regarding mergers and consolidations, amendments to our constitutional documents, election of directors and other significant corporate actions. Such shareholders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of our ordinary shares and ADSs may view as beneficial.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.***

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ADSs or publishes inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

***Techniques employed by short sellers may drive down the market price of the ADSs.***

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies that have substantially all of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could

be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in the ADSs could be greatly reduced or even rendered worthless.

***We cannot guarantee that any share repurchase program will be fully consummated or that any share repurchase program will enhance long-term shareholder value, and share repurchases could increase the volatility of the price of our Class A ordinary shares and/or ADSs and could diminish our cash reserves.***

On December 28, 2021, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$100 million of our shares over a twelve-month period starting from December 28, 2021. On December 9, 2022, our board of directors authorized an extension of the share repurchase program adopted on December 28, 2021 for another twelve-month period starting from December 28, 2022, with all other terms remain unchanged. On March 12, 2024, our board of directors authorized a new share repurchase program, under which we may repurchase up to US\$20.0 million of our shares over a 12-month period starting from March 12, 2024. On June 21, 2024, our board of directors approved the modifications to the size and terms of the share repurchase program adopted on March 12, 2024, increasing the aggregate value of shares that may be repurchased to US\$50 million and extending the effective term to June 27, 2025. Our board of directors has the discretion to further adjust the share repurchase or authorize additional share repurchase programs in the future. The share repurchase programs do not obligate us to repurchase any specific dollar amount or to acquire any specific number of ADSs and/or shares. We cannot guarantee that any share repurchase program will enhance long-term shareholder value. The share repurchase programs could affect the price of our listed securities and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our Class A ordinary shares and/or ADSs. Furthermore, share repurchases could increase the volatility of the price of our Class A ordinary shares and/or ADSs and could diminish our cash reserves.

***Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for return on your investment.***

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account of the company, provided that in no circumstances may a dividend be paid out of share premium if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

***Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.***

Sales of our ADSs in the public market or the perception that these sales could occur, could cause the market price of our ADSs to decline. Certain shareholders of our company have registration rights and may request us to register their securities for sale under the Securities Act. Sales of these shares, or the perception that such sales could happen, could cause the price of our ADSs to decline. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. We cannot predict what effect, if any market sales of securities held by a principal shareholder or any other shareholder or the availability of these securities for future sale will have on the market price on our ADSs. In addition, if we issue additional ordinary shares,

either through private transactions or in the public markets in the United States or other jurisdiction, your ownership interests in our company would be diluted and this, in turn, would have an adverse effect on the price of our ADSs.

***The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise the same rights as our shareholders.***

Holders of ADSs do not have the same rights as our shareholders. As a holder of our ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. As an ADS holder, you will only be able to exercise the voting rights carried by the underlying Class A ordinary shares which are represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will try, as far as is practicable, to vote the Class A ordinary shares underlying your ADSs in accordance with your instructions. If we ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying Class A ordinary shares in accordance with these instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares unless you withdraw the shares, and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the shares underlying your ADSs and become the registered holder of such shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying Class A ordinary shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares underlying your ADSs are voted and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

Under the deposit agreement for the ADSs, if you do not vote, the depositary will give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs at shareholders' meetings unless:

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that you cannot prevent the Class A ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for ADS holders to influence the management of our company. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

***Forum selection provisions in our memorandum and articles of association and our deposit agreement with the depositary bank could limit the ability of holders of our Class A ordinary shares, ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary bank, and potentially others.***

Our memorandum and articles of association provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter

jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising under the Securities Act and the Exchange Act. Our agreement with the depositary bank also provides that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act. However, the enforceability of similar federal court choice of forum provisions has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable, unenforceable, or inconsistent with other documents that are relevant to the filing of such lawsuits. If a court were to find the federal choice of forum provision contained in our memorandum and articles of association or our deposit agreement with the depositary bank to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our memorandum and articles of association, as well as the forum selection provisions in the deposit agreement, may limit a security-holder's ability to bring a claim against us, our directors and officers, the depositary bank, and potentially others in his or her preferred judicial forum, and this limitation may discourage such lawsuits. In addition, the Securities Act provides that both federal and state courts have jurisdiction over suits brought to enforce any duty or liability under the Securities Act or the rules and regulations thereunder. Accepting or consent to this forum selection provision does not constitute a waiver by you of compliance with federal securities laws and the rules and regulations thereunder. You may not waive compliance with federal securities laws and the rules and regulations thereunder. The exclusive forum provision in our memorandum and articles of association will not operate so as to deprive the courts of the Cayman Islands from having jurisdiction over matters relating to our internal affairs.

***We are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.***

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depositary may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depositary. In the event that the terms of an amendment impose or increase fees or charges (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses) or that would otherwise materially prejudice any substantial existing right of the ADS holders, such amendment will not become effective as to outstanding ADSs until the expiration of 30 days after notice of that amendment has been disseminated to the ADS holders, but no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. If the ADS facility will terminate, ADS holders will receive at least 30 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying Class A ordinary shares, but will have no right to any compensation whatsoever.

***Your rights to pursue claims against the depositary as a holder of ADSs are limited by the terms of the deposit agreement.***

Under the deposit agreement, any legal suit, action or proceeding against or involving us or the depositary, arising out of or relating in any way to the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts in New York County, New York), and you, as a holder of the ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. It is possible that a court could find this type of forum selection provision to be inapplicable, unenforceable, or inconsistent with other documents that are relevant to the filing of such lawsuits. For risks related to the enforceability of such exclusive forum selection provision, please see "Item 3. Key Information—D. Risk Factors—Forum selection provisions in our memorandum and articles of association and our deposit agreement with the depositary bank could limit the ability of holders of our Class A ordinary shares, ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors

and officers, the depositary bank, and potentially others.” Accepting or consent to this forum selection provision does not constitute a waiver by you of compliance with federal securities laws and the rules and regulations thereunder. You may not waive compliance with federal securities laws and the rules and regulations thereunder.

***You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.***

The depositary of our ADSs has agreed to pay you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

***ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.***

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts in New York County, New York) have exclusive jurisdiction to hear and determine claims arising under the deposit agreement (including claims arising under the Exchange Act or the Securities Act) and in that regard, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws, which may have the effect of limiting and discouraging lawsuits against us and/or the depositary. If a lawsuit is brought against us and/or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, in which the trial would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action. Also, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended.

If we or the depositary were to oppose a jury trial demand based on such waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

***You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.***

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands, which we refer to as the Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than copies of the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by the shareholders) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our current articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

***You may be subject to limitations on transfer of your ADSs.***

Your ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depository may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depository needs to maintain an exact number of ADS holders on its books for a specified period. The depository may also close its books in emergencies, and on weekends and public holidays. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.***

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depository will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

***You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the annual report based on foreign laws.***

We are an exempted company incorporated under the laws of the Cayman Islands, however, we conduct almost all of our operations outside the United States and a majority of our assets are located in China. In addition, almost all our directors and officers reside within China for a significant portion of the time and almost all of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management residing in China in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the mainland China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. In addition, mainland China does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in mainland China of judgments of a court in any of these non-mainland China jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

***It may be difficult for overseas regulators to conduct investigation or collect evidence within mainland China.***

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in mainland China. For example, in mainland China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside mainland China. Although the authorities in mainland China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within mainland China may further increase difficulties faced by you in protecting your interests. See also “Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs—You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law” for risks associated with investing in us as a Cayman Islands company.

***The memorandum and articles of association contains anti-takeover provisions that could discourage a third party from acquiring us and adversely affect the rights of holders of our Class A ordinary shares and the ADSs.***

Our memorandum and articles of association will contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change of control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our triple-class voting structure gives disproportionate voting power to the Class B and Class C ordinary shares. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our Class A ordinary shares and ADSs may be materially and adversely affected.

***We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.***

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD promulgated by SEC.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the New York Stock Exchange. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

***As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the corporate governance requirements of the New York Stock Exchange; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance requirements of the New York Stock Exchange.***

As a Cayman Islands company listed on the New York Stock Exchange, we are subject to the corporate governance listing standards of the New York Stock Exchange. However, rules of the New York Stock Exchange permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the corporate governance listing standards of the New York Stock Exchange. We have chosen to follow home country practices for certain corporate governance practices. See “Item 16G.—Corporate Governance” for more information. Our shareholders may be afforded less protection than they would otherwise enjoy under the corporate governance listing standards of the New York Stock Exchange that are applicable to U.S. domestic issuers.

***We believe we were a passive foreign investment company for U.S. federal income tax purposes for the taxable year ended December 31, 2024, which could result in significant adverse U.S. federal income tax consequences to U.S. Holders of our ADSs or Class A ordinary shares.***

A non-U.S. corporation, such as our company, will generally be classified as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes, for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of its assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Based upon the nature and composition of our assets (in particular, the retention of substantial amounts of cash and investments), and the market price of our ADSs, we believe that we were a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2024, and we will likely be a PFIC for our current taxable year unless the market price of our ADSs increases and/or we invest a substantial amount of the cash, investments and other passive assets we hold in assets that produce or are held for the production of active income.

If we are classified as a PFIC for any taxable year during which a U.S. Holder (as defined in “Taxation—United States Federal Income Tax Considerations”) holds our ADSs or Class A ordinary shares, the PFIC tax rules discussed under “Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules” will generally apply to such U.S. Holder for such taxable year and we will generally continue to be treated as a PFIC for all subsequent taxable years during which such U.S. Holder holds our ADSs or Class A ordinary shares even if we cease to be a PFIC in subsequent taxable years, unless certain elections are made. For more information, see the discussion under “Item 10. Additional Information—D. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

## Item 4 Information on the Company

### A. History and Development of the Company

We commenced our operations in 2011 by procuring pre-owned phones and other consumer electronics from consumers through AHS Recycle. In 2014, we expanded to offline channels by opening AHS stores in popular shopping malls. In 2015, we started cooperating with e-commerce platforms such as JD.com, and consumer electronics brands such as Xiaomi, to attract their user traffic to our offline AHS stores for trade-in. In an attempt to further leverage our supply chain capabilities and quality inspection, grading and pricing capability accumulated in years of our business operations, in late 2017, we launched PJT Marketplace, an online bidding platform where AHS Recycle and third-party merchants sell pre-owned consumer electronics to buyers, primarily small merchants and retailers, and, in 2019, we acquired Paipai Marketplace, a B2C transaction platform for pre-owned products, from JD Group.

To facilitate our offshore financing, we established our offshore holding structure during the period from November 2011 to August 2012. Specifically, we established our holding company, AiHuiShou International Co. Ltd., in the Cayman Islands in November 2011 and later renamed it as ATRenew Inc. in November 2021. Our Cayman holding company further established AiHuiShou International Company Limited, or AiHuiShou HK, as its wholly-owned subsidiary in Hong Kong in January 2012. In August 2012, AiHuiShou HK further established a wholly-owned subsidiary, Shanghai Aihui Trading Co., Ltd., or Shanghai Aihui, in China.

After we established our offshore holding structure in August 2012, we obtained control over Shanghai Wanwuxinsheng Information Technology Group Co., Ltd., or Shanghai Wanwuxinsheng, a company jointly established by Mr. Kerry Xuefeng Chen and Mr. Wenjun Sun in China in May 2010 under the name of Shanghai Yueyee Network Information Technology Co., Ltd. (上海悦易网络信息技术有限公司), by entering into a set of contractual arrangements between Shanghai Aihui, Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng in August 2012.

Shanghai Wanwuxinsheng further established in China (i) Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦亿网络信息技术有限公司) in September 2015, and (ii) Changzhou Yueyi Network Information Technology Co., Ltd., or Changzhou Yueyi, in June 2017. Shanghai Yueyi mainly operates our own offline AHS stores in the AHS store network and our PJT and Paipai online marketplaces, as well as other innovative businesses. Changzhou Yueyi mainly engages in the collection of pre-owned consumer electronics sourced from JD Group's e-commerce platforms, our brand partners and distributor partners.

In March 2017, we started to expand our business to overseas market and established AHS Device Hong Kong (formerly known as Shanghai Yueyi Network (HK) Co., Limited and Aihuishou Global Co., Limited), or AHS Device HK, in Hong Kong as the primarily entity operating our overseas business.

In June 2021, we listed our ADSs on the New York Stock Exchange under the symbol "RERE."

In August 2021, we terminated our contractual arrangements with Shenzhen Lvchuang and disposed of Shenzhen Lvchuang to third parties. In April 2022, we also terminated our contractual arrangements with Shanghai Wanwuxinsheng, and acquired all equity interests of Shanghai Wanwuxinsheng, following which Shanghai Wanwuxinsheng became a subsidiary of our company.

Our principal executive offices are located at 12th Floor, No. 6 Building, 433 Songhu Road, Shanghai, the People's Republic of China. Our telephone number at this address is +86 21 5290-7031. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

The information that we file with the SEC can be accessed over the internet at [www.sec.gov](http://www.sec.gov). You can also find information about our company on our website at [ir.atrenew.com](http://ir.atrenew.com). The information contained on our website is not a part of this annual report.

## **B. Business Overview**

We are a leading pre-owned consumer electronics transactions and services platform in China. We created the first inspection, grading and pricing processes that helped standardize the pre-owned consumer electronics industry. While core to our success is our ability to effectively source supply, our offerings today span the entire value chain for pre-owned consumer electronics. We were founded in 2011 as a consumer-oriented single service provider focused on efficiently sourcing electronic devices through AHS Recycle, a leading online and offline offering for recycle and trade-in services in China. We have since evolved to an integrated transactions and services platform through the addition of PJT Marketplace, China's leading B2B marketplace for trading electronic products and services, in late 2017. We further extended our capabilities to retail consumers through Paipai Marketplace, a retail marketplace for pre-owned products of certified quality which we acquired from JD Group in 2019. Starting from 2019, we have been increasing our international presence as well. With these offerings, we have reinvented how consumers, small merchants, consumer electronics brands, e-commerce platforms and retailers sell and purchase pre-owned consumer electronics. Over time, we hope to empower more participants, both in China and the rest of the world, to partake in the pre-owned electronics circulation ecosystem.

Our platform digitally integrates every step of the value chain. We obtain supply of pre-owned consumer electronics, process devices for resale using proprietary inspection, grading, and pricing technologies in our operation centers, and distribute processed devices to a variety of purchasers. We transact with consumers and small merchants at both the supply and demand sides of the value chain, ensuring that a diversity of participants have access to our platform. Through end-to-end coverage of the value chain and supply and demand participation supported by our quality and pricing benchmarks, we believe we set the standard for the industry in China. Our platform is frequently used by consumers and small merchants throughout the country for quality ratings and listing prices of pre-owned products before transacting. We leverage an online and offline presence to extend the reach of our platform. As of December 31, 2024, we had 1,861 AHS stores throughout China.

### **Our Path of Evolution**

Our business has evolved since our founding as follows:

- *2011 – 2017*: In 2011, we started to procure pre-owned phones and other consumer electronics from consumers through AHS Recycle. We began developing our own quality standards and testing facilities for consumer electronics at the same time. In 2014, we expanded to offline channels by opening AHS stores offline in popular shopping malls. We later opened a series of AHS branded partner stores that are jointly-operated by our partners and us, which we refer to as AHS partner stores, in selected cities to further enhance our brand awareness, offline reach and service capabilities. In 2015, we started cooperating with e-commerce platforms such as JD.com, and consumer electronics brands such as Xiaomi, to attract their user traffic to our offline AHS stores for trade-in. The omni-channel trade-in network facilitated the procurement of consumer electronics, enabling us to scale up our business and accumulate know-how in the inspection, grading and pricing of pre-owned consumer electronics. From 2011 to 2017, we sold pre-owned consumer electronics procured through AHS Recycle to small merchants.
- *Late 2017 – 2018*: In late 2017, we launched Pajitang Marketplace, or PJT Marketplace, an online bidding platform where AHS Recycle and third-party sellers sell pre-owned consumer electronics to buyers, such as resellers, mom-and-pop stores and other small merchants. PJT Marketplace enables retailers and small merchants in the pre-owned consumer electronics transactions and services industry in China to transition online and complete transactions under our quality certification standards. Since the launch of PJT Marketplace, we have evolved from a proprietary trade-in service provider to an open platform transaction enabler, broadening our reach to a much larger total addressable market.
- *2019 – 2021*: In 2019, we acquired Paipai, which we refer to as Paipai Marketplace, from JD Group. Paipai Marketplace allows us to further satisfy demand for consumer electronics by extending our core transactions and services competencies to retail purchasers. This meaningfully complements the supply of consumer electronics provided through AHS Recycle. The acquisition and integration of Paipai Marketplace created a closed loop as supply sourced from consumers was then sold back to consumers. In the same year, we also began to expand and establish presences outside of Mainland China to work

with local carriers, merchants and retailers to collectively engage in global pre-owned consumer electronics procurement and distribution. We also began to expand our AHS store network, including automatic recycling kiosks, in lower-tier cities.

- *2022 – 2023*: In April 2022, we started to pilot our consumer electronics repair and refurbishment operations with a view to further address consumers' demand for premium pre-owned devices and to expand our profit margin. In June 2022, we introduced our multi-category recycling business to a selection of cities to reinforce AHS Recycle's positioning as a trustworthy go-to destination for individuals to trade used luxury goods, gold and vintage liquor, among other high-value consumer goods, for cashback. In late 2022, we formed a strategic partnership with a leading global mobile phone brand to provide recycling and trade-in services, which we expect will strengthen our capabilities in recycling supply chain and boost our recycling penetration rate.
- *2023 – 2024*: In June 2023, we officially launched our trade-in services in a leading global mobile phone brand's official retail channels in mainland China. This move represents an expansion of our sources of supply of pre-owned products beyond AHS stores, AHS Recycle online channels, and JD.com, among others.

## **Our Platform**

Our platform primarily consists of three components, AHS Recycle, PJT Marketplace and Paipai Marketplace.

- *AHS Recycle* is our C2B offering catering to consumers who sell their pre-owned consumer electronics, gold products, luxury goods, and liquor, among others, or trade pre-owned consumer electronics in exchange for new devices. AHS Recycle's established online channels, together with our nationwide AHS stores, facilitate device trade-ins with attention to data privacy and security. A substantial portion of devices procured from AHS Recycle are sold either through PJT Marketplace or through Paipai Marketplace.
- *PJT Marketplace* is our B2B offering providing small merchants with a comprehensive suite of solutions, including bidding transactions among small merchants, standardized certification of devices, pricing suggestions and optimized inventory turnover. PJT Marketplace assists small merchants and other participants along the pre-owned consumer electronics value chain in launching their own trade-in programs. Consumer electronics sourced from AHS Recycle are also sold to small merchants on PJT Marketplace.
- *Paipai Marketplace* is our B2C offering on which consumers can purchase various types of pre-owned products, primarily consumer electronics. We mainly provide platform services to third-party merchants under two models: the consignment model where we conduct device certification in our operation centers, and the POP model where the devices do not go through our operation center. We also sell devices sourced from AHS Recycle. We select high quality devices from among those sourced from third-party merchants and AHS Recycle and sell them in our Paipai online stores to attract more consumers. Under both models, we provide consumers on Paipai Marketplace with consistent high-quality customer services.

In addition, through AHS Device, our international portal, we sell pre-owned consumer electronics primarily sourced through mobile network operators and merchants in developed economies, to merchants and other distributors outside of mainland China, primarily in Hong Kong, Japan, Africa, Europe and the Middle East. In August 2022, we started to set up self-service recycling kiosks in Japan to meet the demand from underserved Japanese customers while expanding our sources of supply of used electronic products. These kiosks were placed at brick-and-mortar stores of a leading pre-owned product transactions operator in Japan. In October 2023, we landed such self-service recycling kiosks in Sweden through a local partner's offline channel as a way to further expand global touchpoints.

We generate product revenues primarily from sales of devices that are sourced online and offline through AHS Recycle, to buyers through PJT Marketplace and Paipai Marketplace, as well as sales in other channels we operate including AHS stores. We also generate service revenues as a certain percentage of the total value of each transaction completed on PJT Marketplace and Paipai Marketplace.

## Supply Side

### AHS Recycle

We procure consumer electronic devices through AHS Recycle via online and offline channels.

#### Online channels

Our AHS Recycle online channels include our AHS Recycle mobile app, Weixin official account and mini program, our website, our e-commerce platform partners' portals, and the online platforms of consumer electronics brands that we cooperate with. In 2024, approximately 72.4% of total GMV of pre-owned consumer electronics sourced by AHS Recycle were either delivered to offline AHS stores or picked up by AHS Recycle representatives physically, while approximately 27.6% were couriered directly to operation centers.

For a typical consumer who visits AHS Recycle online, we provide a seamless transaction experience as follows:

*Device condition inquiry.* On the main page of the gateway, the consumer can choose the type of device he or she intends to sell, followed by the brand and model. The consumer is then guided to answer a series of questions about the condition of the device, including time and channel of prior purchase, whether the device functions normally, whether the screen remains intact, whether there are any damages to the body of the device, terms of warranty left and other dysfunctions, if any.

*Estimated pricing.* Upon providing responses to the set of questions, a consumer obtains estimated pricing in real time. The pricing is automatically generated by our central database, taking into consideration not only the current condition of the device, but also market demand, depreciation and other factors that impact the retail value of the device. The consumer is then able to decide whether to proceed with selling or trade-in based on the estimated pricing.

*Confirm sale or trade-in order.* If the estimated pricing meets the consumer's expectation, the consumer can place an order to sell the device or trade it in for a newer model. The consumer would have three options for the next step: to go to a nearby offline AHS store as suggested by the online gateway, to arrange an inspection and pick-up by an AHS Recycle representative at the consumer's designated location, or to courier the device directly to an operation center, where the device is inspected, graded and priced.

*Certification and pricing.* After receiving the device from the consumer, we apply our standard certification process to the device. We then offer the consumer a final price quote using a similar pricing model as the one for estimated pricing. This step ensures setting a fair price based on a consistent standard. Our consumer service team will answer any potential questions the consumer may have regarding the certification and the final price quote for his or her device.

For a consumer who chooses to courier the device to an operation center, we notify the consumer of the final price quote typically within 48 hours after we receive the device. For a consumer who chooses to go to a nearby offline AHS store or arrange pick-up by an AHS Recycle representative, inspection, grading and pricing can be performed instantly. We notify the consumer of the final price quote we offer typically within 48 hours after we receive the device.

*Completion of order.* If the consumer agrees to the price quote, we will complete the order by issuing payment to the consumer and erasing all user data stored in the device. If the consumer asks to cancel the order, we will send the device back to the consumer within 48 hours upon receipt of a cancellation request.

*One-stop trade-in option.* The consumer also has the option of trade-in through AHS Recycle. We cooperate with major e-commerce platforms and consumer electronics brands to offer new devices, and we provide consumers options to trade in with a seamless transaction experience. This helps business partners promote sales and marketing of their new devices and allow their consumers access to our widespread offline reach and exceptional supply chain capabilities. If a consumer opts for a trade-in, we do not typically transmit any payment to the consumer, but instead apply the value of the consumer's existing device towards lowering the overall amount of payment for the consumer's

new device. Consumers have the option to receive new devices in-store or via in-person pick-up. For trade-in transactions, we provide similar certification, pricing and data erasing services as recycling transactions.

#### *Offline channels*

We operate AHS stores offline in selected locations, including directly-operated stores primarily in first- and second-tier cities, and jointly-operated partner stores primarily in lower-tier cities. There are two types of jointly-operated partner stores: (i) standard stores, which have the same store design as stores we directly operate, and (ii) shop-in-shop recycling storefronts. We strategically set up our AHS stores in highly desirable, densely populated locations with strong foot traffic, mostly in popular shopping malls. For our directly-operated AHS stores, we lease the properties, employ the store clerks and take full control of the daily operations. For AHS partner stores, we provide training and intelligent operational systems to support in-store operating personnel and store management. As of December 31, 2024, we had 830 directly-operated AHS stores, 850 jointly-operated standard AHS stores and 181 shop-in-shop AHS stores in China.

We sell the vast majority of devices procured from offline AHS stores to third-party merchants via PJT Marketplace. Consumers are guided to offline AHS stores by our business partners, such as consumer electronics brands and JD.com, and our AHS online channels. Our AHS stores attract a large number of walk-in consumers, as they are located in areas with strong foot traffic, and also serve as convenient physical channels for devices delivery. In 2024, approximately 72.4% of total GMV of pre-owned consumer electronics sourced by AHS Recycle were either delivered to offline AHS stores or picked up by AHS Recycle representatives physically. A typical consumer's journey in an offline AHS store is as follows:

*Certification and pricing.* A store clerk first conducts a preliminary check of the device regarding its brand, model, time of production, channel of prior purchase and other basic criteria. The clerk then applies our comprehensive checking and certification process on the device, and provides a price quote accordingly. The price quote is based on our consistent pricing model applicable to both online and offline transactions. If the consumer has any questions or concerns about the price quote, the clerk will provide assistance accordingly.

*Data migration and erasing.* To ensure data privacy, we conduct data erasing as a mandatory procedure before transporting any device into our operation centers. At AHS stores, we erase all user data on pre-owned devices in front of consumers in order to make the consumers feel comfortable and secure. If the consumer has a new device at hand, or opts to trade in for a new device available in-store, the clerk will help the consumer migrate data from the old device to the new device.

*Completion of order.* For orders placed directly in AHS stores, consumers get paid immediately after the device has gone through the standard process of certification, order confirmation and data erasing.

*Additional services.* In-store consumers can enjoy a number of services such as data migration and data erasing, and accessories purchase, as well as introduction of third-party phone screen maintenance service, instant repair and power bank rental provided by third-party suppliers. Additionally, in a trade-in scenario, the clerk will help recommend suitable models of new devices based on the consumer's needs, and advise device availability, for example, in offline AHS stores in the same city, or available from other AHS partner online channels, such as JD.com.

We are able to leverage our AHS stores to ensure seamless transaction experiences and high-quality customer service. Our overall business growth also benefits from the increased brand presence and awareness raised by our network of AHS stores. As of December 31, 2022, 2023 and 2024, we had 1,912, 1,819 and 1,861 AHS stores, respectively, located in 266, 268 and 283 cities in China, respectively.

#### *Partnership with key supply sources*

We have established, and intend to continue to build business alliances and partnerships to grow our supply sources. In 2019, concurrently with our acquisition of Paipai Marketplace second-hand business from JD Group, we entered into a five-year business cooperation agreement with JD Group. In May 2024, we renewed the business cooperation agreement with JD Group for a term from June 1, 2024 to December 31, 2027, which allows us to continue

to cooperate with JD Group in the second-hand business by integrating resources and leveraging the strengths of both parties. The cooperation will continue in areas such as user traffic, technology support, and logistics, among others.

We have also formed business alliances with leading consumer electronics brands, whom we refer to as our brand partners, and authorized distributors of certain leading consumer electronics brands, whom we refer to as our distributor partners. We primarily cooperate with our brand partners and distributor partners under the trade-in scenario. Our brand partners and distributor partners typically offer trade-in services on their official website, mobile app and authorized offline retail stores, and these services are primarily supported by our service offerings. Customers of our brand partners and distributor partners are usually guided to our AHS stores and kiosks to have their trade-in orders fulfilled. Hundreds of millions of annual active customer accounts on JD platforms and customers of our brand partners and distributor partners bring a significant number of devices transacted on AHS Recycle.

### ***Third-party merchants***

Third-party merchants and consumer electronics retailers can choose PJT Marketplace or Paipai Marketplace to sell the products they hold. Typically, between the two marketplaces, PJT Marketplace provides merchants with faster turnaround due to the highly efficient auction transaction model. Paipai Marketplace allows merchants to enjoy higher retail margin, as the products are sold directly to end users.

For all devices distributed on PJT Marketplace in 2024, 79.1% were inspected in our operation centers, while the remainder were inspected by third-party merchants, both under our certification and grading standards. We provide suggested pricing for each device listed on PJT Marketplace, regardless of whether the device has been inspected in our own operation centers. We charge sellers on PJT Marketplace a commission, which comprises of seller service fees, logistics service fees, quality inspection fees and storage fees. Such commission typically ranges from 3% to 4% of the executed transaction price. As of December 31, 2024, there were over 360,000 third-party merchants registered as sellers on our PJT Marketplace.

Third-party merchants on Paipai Marketplace sell their products under two models: the consignment model where we conduct device certification in our operation centers, and the POP model where devices do not go through our operation center. Under the consignment model, we recommend a transaction price for the seller to consider, while under the POP model, the sellers have full control of the pricing under the POP model and take our pricing suggestions as references only. The pricing of similar devices at similar conditions sold under both models are usually similar. In 2024, the majority of products on Paipai Marketplace were sold under the POP model as we shift our strategic focus from the consignment model to direct retail sales. We charge the sellers on Paipai Marketplace a commission that typically ranges from 3% to 5% of the executed transaction price. We also operate our own flagship stores on Paipai Marketplace, where we typically sell our own goods and inspect and certify the devices in our operation centers.

### **Demand Side**

Our GMV is generated from the goods distribution and services provided to merchants and consumers through transactions on our PJT Marketplace and Paipai Marketplace, as well as other channels we operate. In 2024, among all devices transacted on our platform, 35.2% were distributed through Paipai Marketplace, 46.8% were distributed through PJT Marketplace and the rest 18.0% were distributed through other channels we operate, including third-party platforms, social media, our AHS stores, AHS app and Wexin mini-program.

### ***Buyers on PJT Marketplace***

Buyers on PJT Marketplace are primarily small merchants who sell devices to downstream retailers, retailers who sell devices to end consumers, and small and medium enterprises who purchase devices for their employees for business use. Compared with purchasing offline, buyers on PJT Marketplace get to procure devices through fewer middlemen, which generally lowers costs. On PJT Marketplace, they also have access to a more diverse selection from a wider array of sources as well as the quality assurance services we provide.

We use a blind auction model to motivate more merchants to participate in PJT Marketplace. In a blind auction on PJT Marketplace, only the information of the device for sale is shown. Information of the seller and other bidders,

and the bidding prices of other participating bidders are all hidden. We believe the blind auction model has significantly improved bidding efficiency. We notify the winning bidder and charge the purchaser a commission, typically ranging from 1% to 2% of the executed transaction price.

### **Buyers on Paipai Marketplace**

Buyers on Paipai Marketplace are primarily consumers who desire value-for-money products. A substantial portion of these consumers are attracted from the portals of JD.com's platforms. Buyers have access to a broad range of product categories and ample selection within each category of products on Paipai Marketplace. Consumer electronics account for the majority of sales orders completed.

Our value propositions to buyers on Paipai Marketplace are as follows:

*Product search or recommendation.* We provide an intuitive user interface to help the buyer navigate through a vast selection of devices. The buyer can search on the Paipai portal of JD.com's app and find our products by brand, model, price and other features. Leveraging our deep understanding of the industry and user behavior, we are able to personalize and prioritize the display of high-quality listings according to the buyer's specific needs and requirements, which can make the decision-making process more efficient for the buyer.

*Device certification and pricing.* For pre-owned consumer electronics sold under the consignment model, either by other merchants or in our own flagship stores on Paipai Marketplace, we conduct certification and recommend retail prices using our proprietary pricing model. We believe this ensures the devices are reasonably priced, which in turn improves transparency of the transaction process and strengthens customer trust.

*Customer support.* Throughout the transaction process, the buyer can contact our customer service personnel via online chat or hotlines. The team is in charge of addressing customer queries and providing timely, comprehensive customer services.

*Shipping and handling.* Once the buyer places an order, our nationwide logistics and delivery service, primarily powered by JD Logistics and SF Express, ensures the product ordered from our own flagship stores and third-party merchants under consignment model is delivered to the buyer in a timely manner. Once the buyer confirms receipt of the product in described condition, we mark the order as completed.

*Product return and quality warranty policy.* If the buyer is not satisfied with the product purchased from our own flagship stores and third-party merchants under consignment model, he or she can apply for a return within seven days after receipt. The buyer can then courier the product to our operation centers and get the refund within one day upon our receipt of the product. In addition, for pre-owned consumer electronics sold in our own flagship stores, we offer one-year quality warranty policy.

### **Our Operation Centers**

As of December 31, 2024, we operated eight centralized operation centers, equipped with proprietary data-driven processing technologies, in Dongguan, Changzhou, Wuhan, Chengdu, Tianjin, Shenyang, Xi'an, and Hong Kong. Our centralized operation centers in Changzhou and Dongguan are fully automated, with the latter being a more advanced second generation in multiple aspects, including inspection accuracy, operational efficiency, and storage capacity. As of December 31, 2024, we also operated 16 city-level operation stations as a supplement to these centralized operation centers to enhance services accessibility for our customers. As of December 31, 2024, we had a team of 367 personnel working in our centralized operation centers and city-level operation stations.

A substantial number of products sold on AHS Recycle, PJT Marketplace and Paipai Marketplace go through standard certification or inspection process that takes on average six hours at our operation centers. Our standard inspection examines 39 criteria and consists of three key steps: firstly, exterior inspection, such as scratch inspection; secondly, hardware inspection, such as Bluetooth inspection and touch screen inspection; and thirdly, interior inspection, such as water damage inspection. Upon completion of the inspection or certification, our system automatically generates a comprehensive, standardized report. Each report includes extensive information on the

exterior, hardware and interior of the device. In 2024, approximately 79.1% of devices that were distributed on PJT Marketplace went through our proprietary inspection process in the operations centers, with the rest being inspected by third parties.

The advanced technologies and streamlined processes we apply in our operation centers enable us to standardize the industry. Our best-in-class inspection technologies and grading process allow us to categorize the inherently non-standardized pre-owned consumer electronics into standard grades that customers can rely on. The automation of our operation centers enhances the efficiency of our business operations by increasing processing capacity and reducing error rate and labor cost.

## **Our Services**

### ***Offline customer service***

As of December 31, 2024, there were 1,861 AHS stores in 283 cities across China. Our offline AHS stores serve as convenient access points for local walk-in consumers, which not only help us reach more consumers, but also increase our brand awareness.

In our AHS stores, our strong service capabilities enable a consumer to have his or her pre-owned consumer electronics certified, graded and priced within three minutes. Furthermore, store clerks provide speedy and efficient data migration and data erasing services to consumers through our proprietary data erasing software. Our AHS stores also provide certain trade-in services such as on-site inspection, grading and pricing to complement mail-in trade-ins.

AHS stores also offer complementary services, such as phone screen insurance, instant repair, power bank rental and accessories purchase. Through these high-frequency interactions, clerks are able to build connections with consumers, which also generate effective transaction leads. We believe these high-quality in-store customer services we offer differentiate us from other transaction platforms.

Additionally, we provide a suite of omni-channel comprehensive solutions to phone brands, which provide access to different aspects of our platform to facilitate their own trade-in transactions. For example, after placing an order on an online portal of our brand partner, a consumer may be guided to the nearest offline AHS store to trade-in a device.

### ***Quality warranty***

Leveraging our deep industry know-how and our capabilities in inspection, grading and pricing of consumer electronics, we offer quality warranties for products sold on Paipai Marketplace while ensuring a relatively low return rate. We believe the quality warranty we offer showcases our unparalleled expertise in the industry, and promotes customer trust in PJT Marketplace and Paipai Marketplace.

We provide a three-day return policy to purchasers on PJT Marketplace who prove the products they purchased to be defective by uploading pictures and other evidence. For purchasers on Paipai Marketplace, we provide a seven-day return policy. Purchasers who wish to return the purchased products and have their requests approved can courier the products to our operation centers. We will issue the refund to the customer promptly upon receipt of the products and confirming refundable.

The quality of devices sold by third-party merchants is also important to maintaining the brand image of PJT Marketplace and Paipai Marketplace. We also evaluate the qualities of products sold by third-party merchants on a weekly basis, primarily based on return rate of products sold by such third-party merchants. For third-party merchants who continually incur high return rate, we may take measures, such as charging them fines, to reduce their activities on our platform.

### ***Logistics and online order fulfillment***

We maintain a long-term cooperative relationship with reputable delivery service providers, including JD Logistics and SF Express, to fulfill our orders, who in turn provide to us and our customers tailored delivery and pick-up services.

Customers can seamlessly interact with us online and offline for their order fulfillment. When placing orders on AHS Recycle, customers may choose in-person delivery at an offline AHS store or door-to-door delivery to one of our operation centers. For bidding orders placed on PJT Marketplace, we deliver the devices from our operation stations to the buyers through third-party delivery service providers. For purchase orders placed on Paipai Marketplace, we primarily utilize the services of JD Logistics to make delivery.

### **Our International Business**

We are expanding our pre-owned consumer electronics transactions and services overseas, primarily through AHS Device. We anticipate that international markets will benefit from our proprietary inspection, grading and pricing technologies, which will automate the entire transaction process and significantly save time and labor costs.

We source pre-owned consumer electronics for distribution outside of mainland China primarily through mobile network operators and merchants in developed economies. Our pre-owned consumer electronics on our international portal also go through the standard inspection, grading and pricing process through our operation center in Hong Kong, and are then sold to other merchants internationally, primarily in Hong Kong, Japan, Africa, Europe and the Middle East.

We may pursue new strategic initiatives to expand our business overseas in the future, including through mergers, acquisitions and joint ventures outside of China. As of the date of this annual report, we have not identified any specific targets for mergers, acquisitions or establishing joint ventures.

### **Our Strategic Partners**

#### ***JD Group***

We have a long history of cooperation with JD Group, a leading supply chain-based technology and service provider and our largest shareholder.

In 2015, we started empowering JD Group with our recycle and trade-in service capabilities.

In June 2019, JD Group invested in our company, which marked the beginning of our large-scale and in-depth cooperation with JD Group. In connection with the investment, JD Group merged its Paipai Marketplace second-hand business into ours, and entered into a five-year business cooperation agreement, with us covering cooperation in areas such as user traffic, marketing, research and development, commission sharing, supply chain and logistics, and customer service and after-sales services. In May 2024, we renewed the business cooperation agreement with JD Group for a term from June 1, 2024 to December 31, 2027, which allows us to cooperate in the second-hand business by integrating resources and leveraging our respective strengths. The cooperation will continue in areas such as user traffic, technology support, and logistics, among others. As part of our strategic partnership, JD Group offers us the access portals embedded in the JD mobile app, the JD.com website and JD's Weixin mini-program, which channel us to the consumer traffic available on JD platforms.

We further leveraged our inspection, grading and pricing technologies to facilitate JD Group's "one-stop trade-in" service to its customers. Upon placing a shopping order on JD platforms, customers are guided to AHS Recycle service embedded in JD mobile app, through either to the nearest offline AHS store, or to pick up new devices and trade-in pre-owned devices. We also provide superior in-store customer experience to those customers who are guided to our offline AHS stores from JD platforms.

## ***Brand Partners***

We have entered into business cooperation agreements with certain globally recognized consumer electronics manufacturers, covering cooperation in areas such as user traffic, marketing and commission sharing, typically with a term of one to three years. Under these business cooperation agreements, our brand partners offer us prominent access points on their official websites, mobile apps and Weixin mini-programs to provide us with traffic support, in exchange for which we provide recycle and/or trade-in services to their customers.

In late 2022, we formed a strategic partnership with a leading global mobile phone brand to provide recycle and trade-in services, which we expect will strengthen our capabilities in recycling supply chain and boost our recycling penetration rate in first- and second-tier cities. Based on the partnership, we are authorized to collect used devices from the brand owner's corporate clients in mainland China on a time frame of one to three years. We are also authorized to recycle and provide trade-in supply chain services to the brand owner's official retail channels in mainland China, including its official website and directly operated flagship stores. We also engage with this brand owner in discussions of potential introduction of official trade-in programs in multiple international markets. In addition, we obtained the qualification to directly procure used devices from this brand owner in order to secure stable sources of supply.

## **Technology Infrastructure**

### ***Our Supply Sourcing Technology***

We apply our proprietary technology to help source supply of pre-owned consumer electronics and empower others to participate in the pre-owned consumer electronics ecosystem. In June 2020, we launched DeviceHero, our proprietary inspection terminal that is the size of a power bank. DeviceHero helps small merchants inspect the need for parts replacement, functionality, battery life and many other key features of pre-owned devices. A DeviceHero box automatically begins inspection of a device's features once connected. After inspection, it transfers the results back to our big data platform to assess pricing and quality. DeviceHero box empowers small merchants for plug-in inspection and precision pricing within three minutes.

In order to further strengthen our offline service capabilities, we place self-service recycling kiosks in selected brand stores. As of December 31, 2024, we had 30 self-service recycling kiosks in Hong Kong, 19 self-service recycling kiosks in Japan and 10 self-service recycling kiosks in Sweden to help brands and their authorized distribution channels process trade-ins. These kiosks are equipped with similar inspection technology as our DeviceHero boxes and leverage data from millions of transactions and thousands of phone models to inspect, grade and price devices. They are able to inspect and display a sale price for pre-owned devices within two minutes. The kiosks temporarily store the recycled devices before they are shipped downstream for further certification and distribution on PJT Marketplace.

### ***Our Inspection, Grading and Pricing Technology***

We inspect or certify most devices sourced from AHS Recycle and sold on PJT Marketplace and Paipai Marketplace. We have developed a comprehensive inspection and certification system covering hardware, exterior and interior inspection. We had a dedicated device inspection team consisting of 131 members as of December 31, 2024. As of December 31, 2024, we had obtained 90 patents in relation to consumer electronics inspection and certification. Our inspection capabilities are also recognized and trusted by both consumers and merchants. For example, as of December 31, 2024, we had licensed our DeviceHero proprietary inspection system to over 334,500 small merchants to facilitate their inspection of the functionality, battery life and other features of pre-owned consumer electronic devices.

Based on a substantial amount of data on devices and transactions, we have also developed a unified grading standard which comprises of 36 grading tiers. This grading standard has been recognized by all types of participants in the pre-owned consumer electronic devices industry, including retailers, small merchants and consumers.

Our platform has generated a wealth of data on devices and transactions that continually improves our pricing system. We use proprietary algorithms to optimize pricing based on factors such as brand, model, age, condition, color

and current market demand. Increasingly, we are using our technology platform to automate pricing of the devices sold through our platform. We also provide human oversight of the pricing process, which allows us to recognize and appropriately adjust for real-time changes in market trends. Leveraging our accurate and efficient pricing capabilities, for devices on PJT Marketplace, we provide a suggested starting price and an estimated final transaction price for the seller's reference.

### ***Proprietary In-store Operations System***

We develop and employ our own proprietary operations system, complemented by our strengths in big data analytics, within our in-store network to enhance our day-to-day operational decision-making. Our in-store operations system generates substantial data within our in-store network by observing consumer behavior and transaction preferences, which can be analyzed to optimize store management, standardize customer service offerings, and manage operational risks such as theft or malpractice. We also leverage our proprietary in-store operations system to help in strategic decision making, such as site selection for new store openings and renewal of agreements with partners of our jointly-operated stores.

### **Corporate Social Responsibility**

Grounded on a sustainability-oriented recycle and reuse business, we review our business operations on the actions taken to environmental protection and the positive deeds done to our communities.

*ESG commitments, reporting and rating.* Since 2023, we have been committed to the United Nation Global Compact (“UNGC”) corporate responsibility initiative and its principles in the areas of human rights, labor, environment, and anti-corruption. In 2024, we were recognized by the UNGC's first “Forward Faster: 20 Examples of Private Sector's Sustainable Development in China” campaign. In the same year, we issued our fourth consecutive annual ESG report highlighting the progresses in green operation and our innovations in the field of the circular economy. In August 2024, we made a notable improvement with an S&P Global Score of 35 in 2024, up from 33 in 2023, as assessed by S&P Global's Corporate Sustainability Assessment, which places us in the 93<sup>rd</sup> percentile among our global RTS retailing industry peers, significantly surpassing the industry average.

*Environmental sustainability.* Being environmentally friendly is an integral part of our business. During the annual ESG review for the year of 2023, we were delighted to report a continued reduction in greenhouse gas emission intensity. We procured and used more environmentally friendly and durable packaging materials, including the reuse of 24 tons of packaging fillers for B2B parcels and 192,000 packaging boxes for B2C parcels. In 2023, we responsibly collected and sent 111,700 electronic devices to eco-friendly disposal, thereby reducing electronic product pollution by 17.83 tons.

*Socially good initiatives.* Our social responsibilities in broadening school children's educational accesses continued. We take actions in donating pre-owned electronic learning devices through our “AHS Charity and Love · Digital Education Aid Program for Rural Children” program. As of the end of 2024, this program has supported 68 rural schools to build digital teaching platforms, accumulatively completed 3,132 courses and enriched the educational resources of 12,970 school children in rural areas.

### **Risk Management and Compliance**

#### ***Product Quality and Safety***

We have established a unified product inspection system, for products sourced from offline and online channels, to ensure product quality and safety.

To control the quality of products sold by third-party merchants, we also conduct quality evaluation over such products, primarily based on return rate. For third-party merchants who continually incur high return rate, we may take measures, such as charging them fines, to reduce their activities on our platform.

### ***Information and Data Security***

For all devices collected by us, we use proprietary data erasing software to sanitize sensitive information, ensure data security and avoid data leakage.

We have collected data that are related to our business, all with consent from owners of such information. We are committed to protecting the privacy and security of such data. We have established and implemented a strict platform-wide policy on data collection, processing and usage. Besides, we comply with security policies and measures established by JD Group in relation to our partnership with them on AHS Recycle and Paipai Marketplace.

To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data security policy. We anonymize and encrypt confidential personal information and take other technological measures to ensure the secure processing, transmission and usage of data. We have also established stringent internal protocols under which we grant classified access to confidential personal data only to limited employees with strictly defined and layered access authority. In addition, we ensure the security and compliance of our information and technology system. Our system was certified as Safety Level III Computer Information System in 2019 by the public security department. In early 2021, we obtained the 27001 Information Security Management System Certification of the International Organization for Standardization.

We back up our data on a daily basis in multiple secured data storage systems to minimize the risk of data loss. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We have also established an information security team to protect our systems from unauthorized access and malicious attacks, and safeguard the integrity and security of our user data.

See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Privacy concerns relating to pre-owned consumer electronics and the collection, storage and use of customer information could deter current and potential customers from choosing our products or services, damage our reputation, impede our business growth and thus negatively impact our business.”

### ***Regulatory Compliance***

We have adopted an Anti-Corruption Compliance Policy in which we strictly forbid any kickbacks or other payments to a customer to secure purchases. The prohibition applies to both direct and indirect payments, such as payments in disguise of discounts and gifts.

To effectuate our anti-kickback policies and policies against other prohibited conducts, our internal control department, legal department, and corporate governance department coordinate to monitor the compliance of our business activities and handle complaints and whistle-blowing cases through our internal compliance reporting email. We post violations and our disciplinary decisions against violations on our internal website.

### ***Fraud Prevention***

We have a dedicated team to constantly monitor transactions and employees’ and customers’ behavior on our platform.

We strictly enforce our anti-fraud measures. For example, we require our customers on AHS Recycle and both sellers and buyers on PJT Marketplace to provide identification documents such as identification card and business licenses to authenticate their identity and require them to enter passcode of the electronics to prevent fraud. Besides, to monitor the risks associated with the devices on our platform, our professionals check whether a device was opened or replaced with unauthorized parts.

### ***Intellectual Properties***

We regard our patents, trademarks, copyrights, domain names, know-hows, proprietary technologies, and similar intellectual property as critical to our success. As of December 31, 2024, we had 173 patents registered. As of December 31, 2024, we also owned 526 registered trademarks, 107 registered copyrights (including 83 registered

software copyrights) developed by us relating to various aspects of our operations, and 81 registered domain names, including *atrenew.com*, *aihuishou.com* and *paijitang.com*.

We seek to protect our technology and associated intellectual property rights through a combination of patent, copyright and trademark laws, as well as license agreements and other contractual protections. In addition, we enter into employment agreements with confidentiality arrangements with our employees to protect our proprietary rights. The agreements we enter into with our employees also provide that all patents, software, inventions, developments, works of authorship and trade secrets created by them during the course of their employment with us are our property.

We intend to protect our technology and proprietary rights vigorously. We have employed internal policies, confidentiality agreements, encryptions and data security measures to protect our proprietary rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position” and “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.”

### **Branding and Marketing**

We believe that our omni-channel business model, in its nature, can efficiently bring strong user traffic, and our high-quality services lead to strong word-of-mouth referrals, which drive customer awareness of our brands. Our sales and marketing team, consisting of 251 personnel as of December 31, 2024, is dedicated to implementing our multi-channel marketing strategy both online and offline.

To build our brand awareness, we utilize market advertising, especially in locations with high population density such as subway stations. In recent years, we have also expanded our marketing efforts into emerging channels, such as live streaming and short-video platforms. For example, we place ads in highly popular media content and collaborate with social media influencers on leading live-streaming platforms. Further, we leverage social media campaigns to raise our brand awareness, promote our marketplaces and the products sold thereon.

For user acquisition, we have leveraged both online and offline presence to generate traffic to our platform. For example, our offline AHS stores are conveniently located in places with heavy foot traffic, attracting considerable walk-in consumers. We also leverage hundreds of millions of annual active customer accounts on JD.com platforms as a source of user traffic.

### **Competition**

The pre-owned consumer electronics industry in China is rapidly evolving and increasingly competitive. Although we believe no other industry player in China operates under an end-to-end platform business model like ours, we face competition from players who operate a business overlapping with or similar to one or several components of our platform. For example, we compete with other platforms for pre-owned goods transactions.

We believe we compete on the basis of our ability to create a new infrastructure defined by our end-to-end coverage of the value chain including the supply chain and standardizing of inspection, grading, and pricing. We believe that our diverse sources of supply also give us a competitive advantage, given our wide coverage of the supply chain.

### **Insurance**

We provide social security insurance for our employees as required by mainland China law. Consistent with customary industry practice in China, we do not maintain business interruption or product transportation insurance, nor do we maintain key-man insurance. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have limited insurance coverage, which could expose us to significant costs and business disruption.”

## **Regulations**

We are subject to a variety of mainland China laws, rules and regulations affecting many aspects of our business. This section sets out a summary of the major laws, regulations, rules and policies which may have material impact on our business and operations.

### **Regulations Relating to the Circulation of Pre-owned Electronics**

The Measures for Administration of the Circulation of Second-hand Goods (for Trial Implementation) issued by the Ministry of Internal Trade of the PRC (which is the predecessor of the Ministry of Commerce) and the Ministry of Public Security of the PRC on March 9, 1998 requires that second-hand goods operators shall record the names of entities and the resident identity cards of individuals that/who sell or consign for sale, or are entrusted to sell or consign for sale second-hand goods; and shall strictly check the power of attorney of the entrusting entities and resident identity cards of the entrusting individuals.

The Administrative Measures for the Recycling of Renewable Resources, which initially took effect on March 27, 2007 and amended by the Ministry of Commerce and other authorities on November 30, 2019, regulates “renewable resources” including all kinds of wastes that are generated in social production and living and consumption, and that have lost all or part of their use value, but can regain use value through recovery and processing, including discarded electronic products, etc. To engage in renewable resources recovery business, a recycling operator can start business only after getting a business license, and the business scope specified on the business license shall include the business of recycling of renewable resources. In addition to the requirements under the measures, a recycling operator engaging in the purchase and sale of pre-owned electric appliances and electronic products shall also comply with other more specific requirements set forth in other laws and regulations.

The Administrative Measures on the Circulation of Pre-owned Electrical and Electronic Products, promulgated by the Ministry of Commerce on March 15, 2013, further specifies the requirements under the above two regulations. According to the measures, recycling operators engaging in the purchase and sale of pre-owned electric appliances and electronic products shall record information of the purchased products, including the product name, trademark, model, original purchase voucher or identity information of sellers of the products. Pre-owned electric appliances and electronic products to be sold shall be labeled as used products in a prominent position. Recycling operators are prohibited from purchasing the following electric appliances and electronic products: (i) those sealed up or impounded according to the law, (ii) those that are obtained by stealing, robbing, swindling, smuggling or other illegal criminal means by the sellers and clearly known by such operator, (iii) those whose legitimate sources cannot be explained, and (iv) other used electrical and electronic products which are forbidden to be purchased according to laws and administrative regulations. Violation of the above provision may result in a fine up to RMB30,000 to be imposed on the recycling operator, or even criminal liability if the case is serious enough. It is also clarified that purchase and sale of pre-owned electric appliances and electronic products through the internet shall also comply with the requirements under these measures.

### **Regulations Relating to Foreign Investment**

The PRC Company Law, which was promulgated by the Standing Committee of National People’s Congress on December 29, 1993, amended on 26 October 2018 and became effective on the same day, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in mainland China. Furthermore, the PRC Company Law, the Revised Company Law, was recently amended by the Standing Committee of National People’s Congress on December 29, 2023 and came into force on July 1, 2024, the main amendments of which involve improving the company’s establishment and exit system, optimizing the company’s organizational structure, detailing exercise of shareholder rights, perfecting the company’s capital system and strengthening the responsibilities of controlling shareholders and management personnel, etc. Among others, the Revised Company Law introduces a rule requiring the registered capital of limited liability companies to be fully paid within five years, which applies to all PRC limited liability companies. Companies incorporated before the promulgation and implementation of the Revised Company Law are required to gradually adjust to meet the deadline. In consequence, we may be required to accelerate payment of capital contributions towards the registered capital of our PRC subsidiaries and joint ventures. Specific implementation measures of the Revised

Company Law shall be prescribed by the State Council, of which, as of the date of this annual report, final versions are yet to be released.

The Foreign Investment Law and the Implementing Regulations of the Foreign Investment Law provide that a system of pre-entry national treatment and negative list shall be applied for the administration of foreign investment, where “pre-entry national treatment” means that the treatment given to foreign investors and their investments at market entry stage is no less favorable than that given to domestic investors and their investments, and “negative list” means the special administrative measures for foreign investment’s entry to specific fields or industries. Foreign investments beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited fields as specified in the negative list, and foreign investors who invest in the restricted fields shall comply with certain special requirements on shareholding and senior management personnel, etc. In the meantime, competent government departments will formulate a catalog of the specific industries, fields and regions in which foreign investors are encouraged and guided to invest according to the national economic and social development needs. The current industry entry clearance requirements governing investment activities in mainland China by foreign investors are set out in two categories, namely the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 version), as promulgated on September 6, 2024 by the National Development and Reform Commission, or the NDRC, and the Ministry of Commerce and became effective on November 11, 2024, and the Encouraged Industry Catalog for Foreign Investment (2022 version), as promulgated by the NDRC and the Ministry of Commerce on October 26, 2022 and became effective on January 1, 2023. Industries not listed in these two catalogs are generally deemed “permitted” for foreign investment unless specifically restricted by other mainland China laws. According to this list, foreign equity ownership in any given value-added telecommunications services provider shall not exceed 50% (excluding e-commerce, domestic multi-party telecommunication, storage and forwarding business, and call center).

On March 15, 2019, the National People’s Congress of the PRC promulgated the Foreign Investment Law of the PRC, or the Foreign Investment Law, which became effective on January 1, 2020 and replaced the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. Foreign-invested enterprises established before the implementation of the Foreign Investment Law may maintain their original organization form and structure within five years after the implementation of the Foreign Investment Law. The Foreign Investment Law mainly provides for four forms of foreign investments: (a) establishment of a foreign invested enterprise within mainland China by a foreign investor, individually or collectively with other investors; (b) acquisition of shares or equity interests in, asset interests of, or other like rights and interests of an enterprise within mainland China by a foreign investor; (c) investments in a new project within mainland China by a foreign investor, individually or collectively with other investors, and (d) foreign investors’ investments in mainland China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council of the PRC. It does not address the concept and regulatory regime of variable interest entity structures and uncertainties remain in relation to its interpretation and implementation.

On December 26, 2019, the State Council promulgated the Implementing Regulations of the Foreign Investment Law of the People’s Republic of China, or the Implementing Regulations of the Foreign Investment Law, which became effective on January 1, 2020. The Implementing Regulations of the Foreign Investment Law strictly implements the legislative principles and purpose of the Foreign Investment Law. It emphasizes promoting and protecting the foreign investment and refines the specific measures to be implemented. On the same day, the Supreme People’s Court issued an Interpretation on the Application of the Foreign Investment law of the PRC, effective as of January 1, 2020. This interpretation applies to all contractual disputes arising from the acquisition of the rights and interests by a foreign investor by way of gift, division of property, merger of enterprises, division of enterprises.

In order to facilitate the implementation of the Foreign Investment Law and the Implementing Regulations of the Foreign Investment Law, the Ministry of Commerce and the State Administration for Market Regulation promulgated the Measures for Reporting of Information on Foreign Investment on December 30, 2019, effective from January 1, 2020, which provides that foreign investors or foreign-invested enterprises shall submit investment information by submitting initial reports, change reports, deregistration reports, and annual reports through an enterprise registration system and a national enterprise credit information publicity system. Announcement of the Ministry of Commerce [2019] No. 62—Announcement on Matters Concerning the Reporting of Information on Foreign Investment promulgated by the Ministry of Commerce on December 31, 2019 and Circular of the State

Administration for Market Regulation on Effective Work on Registration of Foreign-invested Enterprises for the Implementation of the Foreign Investment Law promulgated by State Administration for Market Regulation on December 28, 2019 further refine the related rules. On April 9, 2024, the Department of Foreign Investment of MOFCOM responded publicly on the official website that, after the implementation of the PRC Foreign Investment Law in 2020, the competent department of MOFCOM no longer reviews or files the establishment and changes of foreign-invested enterprises. The merger and acquisition of domestic enterprises by foreign investors should comply with the other requirements of the M&A Rules except for the approval procedure.

### **Regulations on Value-Added Telecommunications Services**

The Telecommunications Regulations of the PRC, promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, are the primary regulations governing telecommunications services, which set out the general framework for the provision of telecommunications services in mainland China. The regulations require that telecommunications service providers shall obtain licenses prior to commencing operations. The regulations draw a distinction between basic telecommunications services and value-added telecommunications services. The Telecom Catalog, most recently amended by the Ministry of Industry and Information Technology on June 6, 2019, and issued as an attachment to the regulations, identifies internet information services and online data processing and transaction processing as value-added telecommunications services. Based on the specific type of value-added telecommunications services permitted to be carried out, the license for value-added telecommunications services, can be further categorized, among others, the license for value-added telecommunications services for online data processing and transaction processing.

Foreign direct investment in telecommunications companies in mainland China is regulated by the Administrative Provisions on Foreign-Invested Telecommunications Enterprises, which was issued by the State Council on December 11, 2001, most recently amended on March 29, 2022. The regulation provides that the foreign party investing in a foreign-invested telecommunications enterprise engaging in value-added telecommunications services may hold up to 50% of the ultimate equity interests of the foreign-invested telecommunications enterprise, except as otherwise stipulated by the state. The foreign-invested telecommunications enterprise must apply for license for value-added telecommunications services to operate value-added telecommunications services from the Ministry of Industry and Information Technology. According to the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 version), foreign equity ownership in any value-added telecommunications services provider shall not exceed 50% (excluding e-commerce, domestic multi-party telecommunication, storage and forwarding business, and call center; which means the foreign equity ownership of operators of such services can be up to 100%).

### **Regulations Relating to E-Commerce**

On August 31, 2018, the Standing Committee of the National People's Congress of the PRC promulgated the E-Commerce Law of the PRC, or the E-Commerce Law, which took effect on January 1, 2019. The promulgation of the E-Commerce Law established the basic legal framework for the development of China's e-commerce business and clarified the obligations of the e-commerce business operators and the possible legal consequences if e-commerce business operators are found to be in violation of legal obligations. For example, pursuant to the E-Commerce Law, the e-commerce business operators shall disclose information about goods or services provided comprehensively, truthfully, accurately and promptly in order to protect the consumers' rights to know and rights to choose. The e-commerce business operators shall not fabricate transactions or users' comments to conduct false or misleading business promotions so as to defraud or mislead consumers. Violation of the provisions of the E-Commerce Law may result in being ordered to make corrections within a prescribed period of time, confiscation of illegally obtained gains, fines, suspension of business, inclusion of such violations in the credit records and possible civil liabilities.

On January 6, 2017, the State Administration for Industry and Commerce of the PRC (which is the predecessor of the State Administration for Market Regulation) promulgated Interim Measures for Seven-day Unconditional Return of Online Purchased Goods, which became effective on March 15, 2017 and was later amended on October 23, 2020. According to such measures, customers are entitled to return goods without reason, except for customized goods, fresh and perishable goods, audio-visual products, computer software and other digital products which are downloaded online or whose packages have been opened by consumers, and delivered newspapers or periodicals, and such other merchandize which is, as confirmed by the consumer at the time of purchase, not fit for the return policy

by nature. Where the goods returned are intact, the online seller shall refund to the consumer the payments made for the goods within seven days upon receipt thereof.

On March 15, 2021, the State Administration for Market Regulation promulgated the Administrative Measures for Online Trading, which came into effect on May 1, 2021. The Administrative Measures for Online Trading implements legislative principles and purpose of the E-Commerce Law and refines a series of laws and regulations. It further specifies the responsibilities of online trading platform operators and the requirements for protecting online consumers' rights and interests.

On February 28, 2025, the State Administration for Market Regulation promulgated the Guiding Opinions on Promoting the Implementation of Compliance Management Responsibilities by Online Trading Platform Enterprises, or the Guiding Opinions, with the objective of enhancing compliance management frameworks for internet trading platform operators. The Guiding Opinions emphasize the imperative for enterprises to fully assume their primary compliance obligations, while explicitly reinforcing the accountability of corporate executives in overseeing compliance management systems.

### **Regulations Relating to Franchising Operations**

The Administrative Regulations on Commercial Franchise Operations was promulgated by the State Council on February 6, 2007, effective from May 1, 2007, under which a franchisor shall have a well-established operation model, be able to provide the franchisee with long-term management guidance, technical support, business training and other services, and have at least two direct sales stores and have undertaken the business for more than a year. A franchisor shall, within 15 days of its first franchising contract signing, file with the competent commerce authority accordingly.

Pursuant to the regulations, a franchising contract shall include but not be limited to the following terms: the basic information of the franchisor and franchisees, the term of the contract, the type, amount and payment(s) of the franchising fees, the specific content of operation guidance, technical supports and business training as well as the method for providing the same, the quality requirements and quality control measures, the marketing and advertisements arrangements, the consumer protection and indemnification, the change, cancelation or termination of the contract, the breach of the contract, and the dispute resolution, which shall all be put in writing. Moreover, according to the regulations, the franchisee shall be allowed to unilaterally cancel the franchising contract within a certain period of time; the franchising term, unless the franchisee otherwise agrees, shall be no less than three years (renewals are excluded); the purpose and refund conditions and means of the fees paid by the franchisee to the franchisor in advance of the establishment of the franchising contract shall be clarified in writing; the usage of publicity and promotion fees paid by the franchisee to the franchisor shall be disclosed to the franchisee in a timely manner; the franchisee may not transfer the franchise rights to a third party without the consent of the franchisor; and the franchisor shall report the information about the conclusion of franchise contracts in the previous year to the competent commerce authority in the first quarter of each year. In addition to the regulations, the Ministry of Commerce has also promulgated two implementing regulations: the Administrative Measures for Archival Filing of Commercial Franchises, last amended on December 29, 2023; and the Administrative Measures on Information Disclosure Requirements for Commercial Franchises, last amended on February 23, 2012 and came into effect on April 1, 2012. The above two implementing regulations, together with the regulations form the basic legal framework for the regulation of franchise operations in mainland China.

### **Regulations Relating to Product Quality and Consumers Protection**

According to the PRC Civil Code, in the event of damage arising from a defective product, the victim may seek compensation from either the manufacturer or seller of such a product. If the defect is caused by the seller, the manufacturer shall be entitled to seek reimbursement from the seller upon compensation of the victim.

According to the Product Quality Law of the PRC, which took effect on September 1, 1993 and was last amended on December 29, 2018, products for sale must satisfy safety standards and sellers shall adopt measures to maintain the quality of products for sale. Sellers may not mix impurities or imitations into products, or pass counterfeit goods off as genuine ones, or defective products as good ones or substandard products as standard ones. For sellers, any violation of state or industrial standards for health and safety or other requirements may result in civil liabilities

and administrative penalties, such as compensation for damages, fines, confiscation of products illegally manufactured or sold and the proceeds from the sales of such products illegally manufactured or sold and revoking business license; in addition, severe violations may subject the responsible individual or enterprise to criminal liabilities.

According to the Consumers Rights and Interests Protection Law of the PRC, which became effective on January 1, 1994 and was last amended on October 25, 2013, business operators should guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. Consumers whose interests have been damaged due to the products or services that they purchase or receive on the internet trading platforms may claim damages against sellers or service providers. Where the operators of the online trading platforms are unable to provide the real names, addresses and valid contact details of the sellers or service providers, the consumers may also claim damages against the operators of the online trading platforms. Operators of online trading platforms that clearly knew or should have known that sellers or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liabilities with the sellers or service providers. Moreover, if business operators deceive consumers or knowingly sell substandard or defective products, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services.

On March 15, 2024, the State Council promulgated the Regulations for the Implementation of the PRC Consumer Rights and Interests Protection Law, or the Implementation Regulations. These Implementation Regulations took effect on July 1, 2024, and provided detailed guidelines for business operators to ensure that the goods or services they offer to consumers meet the necessary standards for personal and property safety. The Implementation Regulations specify that business operators must ensure that even items provided to consumers for free, such as rewards, gifts, or trials, adhere to these safety standards. Under the Implementation Regulations, consumers are empowered to report any concerns regarding potentially defective goods or services that could pose risks to personal or property safety to the business operators or relevant administrative authorities. Additionally, without the knowledge of consumers, business operators are prohibited from setting different prices or charging criteria for the same goods or services under the same transaction conditions.

### **Regulations Relating to Tort**

According to Part VII Tort Liability of the PRC Civil Code, if damages to other persons are caused by defective products due to the fault of third parties, such as the parties providing transportation or warehousing, the producers and the sellers of the products have the right to recover their respective losses from such third parties. If defective products are identified after they have been put into circulation, the producers or the sellers shall take remedial measures such as issuance of a warning, recall of products, etc., in a timely manner. The producers or the sellers shall be liable under tort if they fail to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced or sold with known defects, causing deaths or severe adverse health issues, the infringed party has the right to claim punitive damages in addition to compensatory damages.

### **Regulations Relating to Advertising**

In 1994, the Standing Committee of the National People's Congress of the PRC promulgated the Advertising Law of the PRC, which was amended on April 29, 2021 and became effective on the same date. This law regulates commercial advertising activities in mainland China and sets out the obligations of advertisers, advertising operators, advertising publishers and advertisement endorsers, and prohibits any advertisement from containing any obscenity, pornography, gambling, superstition, terrorism or violence-related content. Any advertiser in violation of such requirements on advertisement content will be ordered to cease publishing such advertisements and imposed a fine, the business license of such advertiser may be revoked, and the authorities may revoke the approval document for advertisement examination and refuse to accept applications submitted by such advertiser for one year. In addition, any advertising operator or advertising publisher in violation of such requirements will be imposed a fine, and the advertisement fee received will be confiscated; in severe circumstances, the business license of such advertising operator or advertising publisher may be revoked.

The Administrative Measures for the Internet Advertising were adopted by the State Administration for Market Regulation on February 25, 2023 and became effective on May 1, 2023. According to the measures, advertisers are

responsible for the authenticity of the advertisements content. With regard to the display of products or services in an order determined by competitive bidding, all online advertisements must be marked “Advertisement” to distinguish them from the natural search results. Except for circumstances where advertisements are prohibited from being published either directly or in a disguised form by laws and administrative regulations, advertisement publishers shall indicate conspicuously the word “Advertisement” for goods or services promoted in the form of knowledge sharing, experience sharing, product or service evaluation, etc., with shopping links and other purchase methods attached. In addition, Internet pop-up ads must display a “close” sign prominently and ensure one-click closing of the pop-up windows. It is not allowed to cheat or mislead users to click on or browse advertisements.

### **Regulations Relating to Foreign Trade**

On November 7, 2016, the Foreign Trade Law of the PRC was promulgated by the Standing Committee of the National People’s Congress of the PRC, which came into effect on the same day. The Foreign Trade Law provides that a foreign trade dealer engaged in import or export of goods or technologies shall register with the authority responsible for foreign trade under the State Council of the PRC or its authorized entities. The PRC customs authority shall not process the declaration and clearance procedures for the imported or exported goods where a foreign trade dealer fails to register as required. On December 30, 2022, the Standing Committee of the National People’s Congress of the PRC promulgated the Decision on Amending the Foreign Trade Law of the PRC, effective on the date of the promulgation, which removes the registration requirements for a foreign trade dealer engaging in import or export of goods or technologies under the Foreign Trade Law of the PRC, which means that a foreign trade dealer engaging in import or export of goods does not need to register with the Foreign Trade Department of the State Council or its authorized entities since December 30, 2022.

### **Regulations Relating to Anti-Monopoly**

On August 30, 2007, the Standing Committee of the National People’s Congress of the PRC adopted the PRC Anti-Monopoly Law, which was recently amended on June 24, 2022 and became effective on August 1, 2022, providing the regulatory framework for anti-monopoly regulations in mainland China. Under the PRC Anti-Monopoly Law, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition.

Pursuant to the PRC Anti-Monopoly Law, a business operator that possesses a dominant market position is prohibited from abusing its dominant market position, including conducting the following acts: (i) selling commodities at unfairly high prices or buying commodities at unfairly low prices; (ii) without justifiable reasons, selling commodities at prices below cost; (iii) without justifiable reasons, refusing to enter into transactions with their trading counterparts; (iv) without justifiable reasons, allowing trading counterparts to make transactions exclusively with itself or with the business operators designated by it; (v) without justifiable reasons, tying commodities or imposing unreasonable trading conditions to transactions; (vi) without justifiable reasons, applying differential prices and other transaction terms among their trading counterparts who are on an equal footing; and (vii) other acts determined as abuse of dominant market position by the governmental authorities.

Pursuant to Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules adopted by the State Council on January 22, 2024, when a concentration of undertakings occurs and reaches any of the following thresholds, the undertakings concerned shall file a prior notification with the anti-monopoly agency (i.e., the State Administration for Market Regulation), (i) the total global turnover of all operators participating in the transaction exceeded RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within mainland China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB800 million within mainland China in the preceding fiscal year are triggered, and no concentration shall be implemented until the anti-monopoly agency clears the anti-monopoly filing. Where, although a concentration of undertakings does not reach the threshold, there is evidence proving that the concentration has or may have effect of eliminating or restricting competition, the State Council may require the undertakings to file a prior notification. “Concentration of undertakings” means any of the following: (i) merger of undertakings; (ii) acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means. If business operators fail to comply with the PRC Anti-Monopoly Law or other regulations, the

anti-monopoly agency is empowered to cease the activities, unwind the transactions, and confiscate illegal gains and fines. Furthermore, business operators may be subject to criminal liability in the case of serious violation.

On February 7, 2021, the Anti-monopoly Commission of the State Council officially promulgated the Guidelines to Anti-Monopoly for Platform Economy. The Guidelines to Anti-Monopoly for Platform Economy mainly covers five aspects, including general provisions, monopoly agreements, abusing market dominance, concentration of undertakings, and abusing of administrative powers eliminating or restricting competition. The Guidelines to Anti-Monopoly for Platform Economy prohibits certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). In addition, the Guidelines to Anti-Monopoly for Platform Economy also reinforces antitrust merger review for internet platform related transactions to safeguard market competition.

### **Regulations Relating to Intellectual Property Rights**

In terms of international conventions, mainland China has entered into the Agreement on Trade-Related Aspects of Intellectual Property Rights, the Paris Convention for the Protection of Industrial Property, the Madrid Agreement Concerning the International Registration of Marks and the Patent Cooperation Treaty.

#### ***Patents***

According to the PRC Patent Law promulgated by the Standing Committee of the National People's Congress of the PRC on March 12, 1984 with the currently effective version took effect from June 1, 2021, and the Implementation Rules of the PRC Patent Law, which was promulgated by the State Council in June 2001 and last amended in December 2023, there are three types of patents in mainland China: invention patents, utility model patents and design patents. The protection period is 20 years for an invention patent and 10 years for a utility model patent and 15 years for a design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activities that infringe a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to a fine imposed by administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the PRC Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model patent established in mainland China is required to report to the National Intellectual Property Administration for confidentiality examination.

#### ***Copyrights***

The PRC Copyright Law, which was last amended on November 11, 2020, and became effective on June 1, 2021, provides that Chinese citizens, legal persons, or other organizations will own copyright in their copyrightable works, including works of literature, art, natural science, social science, engineering technology, and computer software, regardless of whether published or not. Copyright owners enjoy certain legal rights, including the right of publication, the right of authorship, and the right of reproduction. The PRC Copyright Law extends copyright protection to internet activities, products disseminated over the internet, and software products, and provides for a voluntary registration system administered by the China Copyright Protection Center. According to the PRC Copyright Law, a copyright infringer will be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owner, and compensating for the loss of the copyright owner. Copyright infringers may also be subject to fines and administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations promulgated by the State Council on December 20, 2001, and amended on January 30, 2013, a software copyright owner may go through the registration procedures with a software registration authority recognized by the State Council's copyright administrative authority. The software copyright owner may authorize others to exercise that copyright and is entitled to receive remuneration.

### ***Trademarks***

According to the PRC Trademark Law promulgated by the Standing Committee of the National People's Congress of the PRC in August 1982 and last amended in April 2019, and the Implementation Rules of the PRC Trademark Law promulgated by the State Council in August 2002 and last amended in April 2014, the period of validity for a registered trademark is ten years, commencing on the date of registration. The registrant shall go through the formalities for renewal within twelve months prior to the expiry date of the trademark if continued use is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten years, commencing on the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be cancelled. A trademark owner may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its records. As with patents, the PRC Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark that is applied for is identical or similar to another trademark that has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not infringe upon existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. Industrial and commercial administrative authorities have the authority to investigate any behavior that infringes the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to the law.

### ***Domain Names***

Domain names are protected under the Administrative Measures on the Internet Domain Names, which was promulgated by the Ministry of Industry and Information Technology in August 2017 and effective in November 2017, and the Implementing Rules on Registration of National Top-level Domain Names, which was promulgated by China Internet Network Information Center in and effective in June 2019. The Ministry of Industry and Information Technology is the main regulatory body responsible for the administration of internet domain names in mainland China. Domain name registrations are handled through domain name service agencies established under the regulations, and the applicants become domain name holders upon successful registration.

### ***Trade Secrets***

According to the PRC Anti-Unfair Competition Law, which was promulgated by the Standing Committee of the National People's Congress of the PRC in September 1993 and last amended in April 2019, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (4) instigating, inducing or assisting others to violate a confidentiality obligation or to violate a rights holder's requirements on keeping confidentiality of trade secrets, disclosing, using or permitting others to use the trade secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

On November 22, 2022, the State Administration for Market Regulation released the PRC Anti-Unfair Competition Law (Draft for Comments) which proposes to increase the fine. Business operators and other natural persons, legal persons and unincorporated organizations which infringe upon trade secrets in violation of the provisions hereof, shall be ordered by the government authorities to cease the illegal activities, surrender the illegal income and pay a fine of between RMB100,000 to RMB1 million (or where the circumstances are serious, between RMB1 million to RMB5 million).

## **Regulations Relating to Environment Protection**

Pursuant to the PRC Environmental Protection Law promulgated by the Standing Committee of the National People's Congress of the PRC, in December 1989, last amended in April 2014 and effective in January 2015, any entity which discharges or will discharge pollutants during its course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise vibrations, electromagnetic radiation and other hazards produced during such activities. According to the provisions of the PRC Environmental Protection Law, in addition to other laws and regulations of mainland China, the Ministry of Environmental Protection and its local counterparts take charge of administering and supervising said environmental protection matters.

Pursuant to the PRC Environmental Protection Law, the environmental impact statement on any construction project must assess the pollution that the project is likely to produce and its impact on the environment, and stipulate preventive and curative measures; the statement shall be submitted to competent administrative department of environmental protection for approval. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal part of the project.

Pursuant to the PRC Environment Impact Assessment Law, which was promulgated in October 2002 and most recently amended in December 2018, mainland China implements a classification-based management on the environmental impact assessment of construction projects according to the impact of the construction projects on the environment. Construction units, which fall within corresponding classified administration catalog, shall prepare an Environmental Impact Report or an Environmental Impact Statement, or fill out the Environmental Impact Registration Form.

Pursuant to the Regulations on Urban Drainage and Sewage Disposal, which was promulgated in October 2013 and came into effect in January 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network, which was promulgated in January 2015, amended on December 1, 2022 and became effective on February 1, 2023, drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

## **Regulations Relating to Fire Protection**

The Fire Prevention Law of the PRC was adopted in April 1998 and last amended in April 2021. The law provides that fire control design and construction of a construction project shall comply with the State's fire control technical standards. Developers, designers, builders and project supervisors shall be responsible for the quality of the fire control design and construction of the construction project pursuant to the law. Development project fire safety design examinations and acceptance systems shall be implemented for development projects which are required to have fire safety design in accordance with the national fire protection technical standards.

According to the Eight Measures for the Public Security Fire Department to Deepen Reform and Serve Economic and Social Development promulgated by the Ministry of Public Security of the PRC in August 2015, the filing of fire protection design and completion acceptance with respect to fire protection of construction projects with an investment of less than RMB300,000 or a building area of less than 300 square meters (or below the limit set by the housing and urban construction department of the provincial people's government) was no longer required.

## **Regulations Relating to Foreign Exchange and Dividend Distribution**

### ***Foreign Exchange Control***

According to the PRC Regulation for the Foreign Exchange promulgated by the State Council in January 1996, which was amended in January 1997 and August 2008, and the Regulation on the Administration of the Foreign Exchange Settlement, Sales and Payment promulgated by the People's Bank of China in June 1996, foreign exchanges required for distribution of profits and payment of dividends may be purchased from designated foreign exchange

banks in mainland China upon presentation of a board resolution authorizing distribution of profits or payment of dividends.

According to the Circular of the State Administration of Foreign Exchange, on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment and its appendix promulgated in November 2012 and amended in May 2015, October 2018 and December 2019 by the SAFE, (1) the opening of and payment into foreign exchange accounts under direct investment accounts are no longer subject to approval by the SAFE; (2) reinvestment with legal income of foreign investors in mainland China is no longer subject to approval by SAFE; (3) the procedures for capital verification and confirmation that foreign-funded enterprises need to go through are simplified; (4) purchase and external payment of foreign exchange under direct investment accounts are no longer subject to approval by SAFE; (5) domestic transfer of foreign exchange under direct investment account is no longer subject to approval by SAFE; and (6) the administration over the conversion of foreign exchange capital of foreign-invested enterprises is improved. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment in February 2015, which was further amended in December 2019 and prescribed that the bank instead of the SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while the SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

The Provisions on the Administration of Foreign Exchange in Foreign Direct Investments by Foreign Investors, which were promulgated by the SAFE in May 2013 and amended in October 2018 and December 2019, regulate and clarify the administration over foreign exchange administration in foreign direct investments.

According to the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises promulgated by the SAFE in March 2015 and last amended in March 2023, and the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects promulgated by the SAFE in June 2016, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement on a discretionary basis. However, the settlement of foreign exchange shall only be used for their own operational purposes within the business scope of the foreign invested enterprises and follow the principles of authenticity.

#### ***Dividend Distribution***

The SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control in January 2017, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (2) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

#### ***Foreign Exchange Registration of Offshore Investment by mainland China Residents***

The SAFE promulgated the SAFE Circular 37 in July 2014. The SAFE Circular 37 requires mainland China residents (including mainland China institutions and individuals) to register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle, directly established or indirectly controlled by mainland China residents for offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests. Such mainland China residents are also required to amend their registrations with the SAFE when there is a change to the basic information of the special purpose vehicle, such as changes of a mainland China resident individual shareholder, the name or operating period of the special purpose vehicle, or when there is a significant change to the special purpose vehicle, such as changes of the mainland China individual resident's increase or decrease of its capital contribution in the special purpose vehicle, or any share transfer or exchange, merger, division of the special purpose vehicle.

The Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment, which was promulgated in February 2015 and effective in June 2015 and further amended in

December 2019, provides that mainland China residents may register with qualified banks instead of the SAFE in connection with their establishment or control of an offshore entity established for the purpose of overseas direct investment. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

Failure to comply with the registration procedures set forth in the SAFE Circular 37 may result in restrictions on the foreign exchange activities of the onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and settlement of foreign exchange capital, and may also subject onshore company or mainland China residents to penalties under mainland China foreign exchange administration regulations.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, which took effect in June 2015 and was amended in December 2019. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within mainland China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope.

### **Regulations Relating to Stock Incentive Plans**

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, or the Share Incentive Rules, which was issued on February 15, 2012 and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas listed company who are mainland China citizens or non-mainland China citizens residing in mainland China for a continuous period of not less than one year, subject to certain exceptions, are required to register with the SAFE. All such participants need to authorize a qualified mainland China agent, such as a mainland China subsidiary of the overseas listed company to register with the SAFE and handle foreign exchange matters such as opening accounts, transferring and settlement of the proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sales of proceeds for the participants of the share incentive plans. Failure to complete the said SAFE registrations may subject us and the participants to fines and legal sanctions.

In addition, the State Administration of Taxation has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in mainland China who exercise stock options or are granted restricted shares will be subject to mainland China individual income tax. The mainland China subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with tax authorities and to withhold individual income taxes of employees who exercise their stock option or purchase restricted shares. If the employees fail to pay or the mainland China subsidiaries fail to withhold income tax in accordance with laws and regulations, the mainland China subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

### **Regulations Relating to Labor**

#### ***Labor Law and Labor Contract Law***

The Labor Law of the PRC and its implementation rules provide that enterprises and institutions must establish and improve work safety and health system, strictly enforce national regulations and standards on work safety and health, and carry out work safety and health education for workers. Working safety and health facilities shall meet national standard. Enterprises and institutions shall provide workers with working safety and health conditions meeting national rules and standards on labor protection.

The Labor Contract Law of the PRC and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the one month anniversary of the commencement date of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationship is terminated. According to the Labor Contract Law, if an employer requires the employees to work overtime, it shall pay the worker legally required working overtime salaries. When the employer fails to pay the working overtime salary, it will be ordered to pay compensation to the employees at amount based on the actual working overtime salary that has not been duly paid.

Pursuant to the Interim Provisions on Labor Dispatch, which was promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, effective from March 1, 2014, employers may employ dispatched workers in temporary, auxiliary or substitutable positions provided that the number of dispatched workers shall not exceed 10% of the total number of its workers. Pursuant to the Labor Law, if the employer violates the labor dispatch regulations, the labor administrative department shall order it to make corrections within a prescribed time limit; if it fails to make corrections within the time limit, penalty will be imposed on the basis of more than RMB5,000 and less than RMB10,000 per person.

### ***Social Insurance and Housing Provident Funds***

According to the Social Insurance Law of PRC, which was promulgated by the Standing Committee of the National People's Congress of the PRC in October 2010 and last amended in December 2018, and the Interim Regulations on the Collection and Payment of Social Security Funds, which was promulgated by the State Council in January 1999 and amended in March 2019, and the Regulations on the Administration of Housing Provident Funds, which was promulgated by the State Council in April 1999 and last amended March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity insurance and to housing provident funds. Any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

### **Regulations Relating to Taxation**

#### ***Enterprise Income Tax***

According to the PRC Enterprise Income Tax Law, promulgated by the National People's Congress of the PRC in March 2007 and last amended in December 2018, and the Implementation Rules of the PRC Enterprise Income Tax Law promulgated by the State Council in December 2007, last amended on December 6, 2024 and became effective on January 20, 2025, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either "resident enterprises" or "non-resident enterprises". Besides enterprises established within mainland China, enterprises established outside China whose "de facto management bodies" are located in mainland China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. A non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within mainland China but which have an establishment or place of business in mainland China, or which do not have an establishment or place of business in mainland China but have income sourced within mainland China. An income tax rate of 10% will normally be applicable to dividends declared to non-mainland China resident enterprise investors that do not have an establishment or place of business in mainland China, or that have such establishment or place of business but the income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within mainland China.

In addition, an enterprise certified as a High-Tech Enterprise enjoys a reduced enterprise income tax rate of 15%. According to the Administrative Measures for the Certification of High-Tech Enterprises amended in January

2016, the provincial counterparts of the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation jointly determine whether an enterprise is a High-Tech Enterprise considering the ownership of core technology, whether the main technologies underlying the key products or services fall within the officially supported high-tech fields, the proportion of research and development personnel of the total staff, the proportion of research and development expenditure of total revenue, the proportion of high-tech products or services of total revenue, and other factors prescribed.

In 2009, the State Administration of Taxation issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in accordance with the De Facto Standards of Organizational Management, or State Administration of Taxation Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a mainland China-controlled enterprise that is incorporated offshore is located in mainland China. Although this circular only applies to offshore enterprises controlled by mainland China enterprises or mainland China enterprise groups, not those controlled by mainland China individuals or foreigners, the criteria set forth in the circular may reflect State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to State Administration of Taxation Circular 82, an offshore incorporated enterprise controlled by a mainland China enterprise or a mainland China enterprise group will be regarded as a mainland China tax resident by virtue of having its “de facto management body” in mainland China and will be subject to mainland China enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational senior management and senior management department’s performance of their duties is in mainland China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in mainland China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholders’ meeting minutes, are located or maintained in mainland China; and (iv) at least 50% of voting board members or senior executives habitually reside in mainland China.

The State Administration of Taxation issued the Public Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises, or State Administration of Taxation Public Notice 7 in February 2015. State Administration of Taxation Public Notice 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company.

The State Administration of Taxation also issued the Public Notice on Issues Relating to Withholding at Source of Income Tax of Non-Resident Enterprises, or the State Administration of Taxation Public Notice 37 in October 2017, which came into effect on December 1, 2017 and was amended by the Announcement of the State Taxation Administration on Certain Taxation Normative Documents issued by the State Administration of Taxation on June 15, 2018. According to State Administration of Taxation Public Notice 37, where the non-resident enterprise fails to declare its tax payable pursuant to Article 39 of the PRC Enterprise Income Tax Law, the tax authority may order it to pay its tax due within required time limits, and the non-resident enterprise shall declare and pay its tax payable within such time limits specified by the tax authority.

According to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income, or the Double Tax Avoidance Arrangement, which was promulgated and came into effect in August 2006, and other applicable mainland China laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a mainland China resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties which was promulgated by the State Administration of Taxation in February 2009, if the PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Based on the Announcement on Certain Issues with Respect to the “Beneficial Owner” in Tax Treaties, which was promulgated by the State Administration of Taxation in February 2018 and came into effect in April 2018, if an applicant’s business activities do not constitute substantive business activities, it could result in the negative determination of the applicant’s status as a “beneficial owner”, and consequently, the applicant could be

precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

### ***Value Added Tax***

For sales of pre-owned consumer electronic products, we are subject to the VAT levy rate of 3% under the simplified method and is exempted by 1% in comply with mainland China VAT regulations of CaiShui [2009] No. 9 and CaiShui [2014] No. 57. According to the Provisional Regulations of the PRC on Value-Added Tax, effective in January 1994 and further amended in November 2008, February 2016, and November 2017, and its implementation rules effected in January 1994 and amended in December 2008 and October 2011, except stipulated otherwise, taxpayers who sell goods, labor services or tangible personal property leasing services or import goods shall be subject to a 17% tax rate; taxpayers who sell transport services, postal services, basic telecommunications services, construction services, or real property leasing services, sell real property, transfer the land use right shall be subject to an 11% tax rate, and taxpayers who sell services or intangible assets shall be subject to a 6% tax rate. On December 25, 2024, the Standing Committee of the National People's Congress of the PRC promulgated the Value-Added Tax Law of the People's Republic of China, which will become effective on January 1, 2026 and the above provisional regulations will be superseded.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates adopted in April 2018, as of May 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% and 11% rates are adjusted to 16% and 10%.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform, effective in April 2019, the 16% VAT tax rate, which applies to the sales or imported goods of a VAT general taxpayer, will be lowered to 13%; and the 10% VAT tax rate will be lowered to 9%.

According to the Measures for the Exemption of Value-Added Tax from Cross-Border Taxable Activities in the Collection of Value-Added Tax in Lieu of Business Tax (for Trial Implementation) revised in June 2018, if domestic enterprises provide cross-border taxable activities such as professional technical services, technology transfer, software services, the above-mentioned cross-border taxable activities are exempt from VAT.

### **Regulations Relating to Cybersecurity, Data Security, Personal Information Protection and National Security**

On July 1, 2015, the Standing Committee of the National People's Congress of the PRC promulgated the PRC National Security Law, which came into effect on the same day. The PRC National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

In November 2016, the Standing Committee of the National People's Congress of the PRC promulgated the PRC Cyber Security Law, which took effect on June 1, 2017. In accordance with the PRC Cyber Security Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws, regulations and mandatory requirements to safeguard the operation of networks, respond to network security effectively, prevent illegal or criminal activities, and maintain the integrity, confidentiality and usability of network data.

On November 28, 2019, several PRC governmental authorities jointly issued the Notice on the Measures for Determining the Illegal Collection and Use of Personal Information through Mobile Applications, which aims to provide reference for supervision and administration departments and provide guidance for mobile applications operators' self-examination and self-correction and social supervision by netizens, and further elaborates the forms of behavior constituting illegal collection and use of the personal information through mobile applications including: (i) failing to publish the rules on the collection and use of personal information; (ii) failing to explicitly explain the purposes, methods and scope of the collection and use of personal information; (iii) collecting and using personal

information without the users' consent; (iv) collecting personal information unrelated to the services they provide and beyond the necessary principle; (v) providing personal information to others without the users' consent; (vi) failing to provide the function of deleting or correcting the personal information according to the laws or failing to publish information such as ways of filing complaints and reports.

On May 28, 2020, the National People's Congress of the PRC approved the PRC Civil Code, which came into effect on January 1, 2021. Pursuant to the PRC Civil Code, the collection, storage, use, process, transmission, provision and disclosure of personal information should follow the principles of legitimacy, properness and necessity.

On June 10, 2021, the Standing Committee of the National People's Congress of the PRC published the PRC Data Security Law, which took effect on September 1, 2021. The *PRC Data Security Law* requires data processing, which includes the collection, storage, use, processing, transmission, provision, publication of data, to be conducted in a legitimate and proper manner. The *PRC Data Security Law* provides for data security and privacy obligations on entities and individuals carrying out data activities. The *PRC Data Security Law* also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its data processing activities and file the risk assessment reports with the competent authorities. Core data, i.e. data concerning national security, the lifelines of national economy, important aspects of people's lives, and major public interests, shall be subject to stricter management system. Moreover, the *PRC Data Security Law* provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information. In addition, the *PRC Data Security Law* also provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial body and law enforcement body with any data without the approval of the competent PRC governmental authorities.

On July 6, 2021, certain PRC regulatory authorities issued *Opinions on Strictly Cracking Down on Illegal Securities Activities*, which, among others, provides for improving laws and regulations on data security, cross-border data transmission, and confidential information management. It provides that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

On July 30, 2021, the State Council promulgated the *Regulations on Security Protection of Critical Information Infrastructure*, which became effective on September 1, 2021. Pursuant to such regulation, critical information infrastructure refers to any important network facilities and information systems of an important industry and field such as public communication and information service, energy, transport, water conservation, finance, public services, e-government affairs and national defense related science and technology industry, and other industries and fields that may seriously endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, administration departments of each important industry and field are responsible for formulating eligibility criteria and determining the critical information infrastructure in the respective industry or field. The operators will be informed by the regulatory authority about the final determination as to whether they are categorized as "critical information infrastructure operators."

On August 20, 2021, the Standing Committee of the National People's Congress of the PRC promulgated the *PRC Personal Information Protection Law*, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. Pursuant to the *PRC Personal Information Protection Law*, "personal information" refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymized information. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The *PRC Personal Information Protection Law* applies to the processing of personal information of individuals within the territory of the PRC, as well as personal information processing activities outside the territory of the PRC, for the purpose of providing products or services to natural persons located within mainland China, for analyzing or evaluating the behaviors of individuals located within mainland China, or for other circumstances as prescribed by laws and administrative regulations. The *PRC Personal Information Protection Law*

provides a personal information processor may process the personal information of this individual only under the following circumstances: (i) where consent is obtained from the individual; (ii) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (iii) where it is necessary for performing a statutory responsibility or statutory obligation; (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; or (vii) any other circumstance as provided by laws or administrative regulations. In principle, the consent of an individual must be obtained for the processing of his or her personal information, except under the circumstances of the aforementioned items (ii) to (vii). Where personal information is to be processed based on the consent of an individual, such consent shall be a voluntary and explicit indication of intent given by such individual on a fully informed basis. If laws or administrative regulations provide that the processing of personal information shall be subject to the separate consent or written consent of the individual concerned, such provisions shall prevail. In addition, the processing of the personal information of a minor under 14 years old must obtain the consent by a parent or a guardian of such minor and the personal information processors must adopt special rules for processing personal information of minors under 14 years old. The *PRC Personal Information Protection Law* also contains certain specific provisions with respect to the obligations of a personal information processor and imposes further obligations on a personal information processor that provides for basic internet platform services, has large number of users, or has complicated business activities. These obligations include, without limitation, formulation of an independent institution mainly comprising of outside members to supervise personal information processing activities, termination of provision of services for product or service providers on the platform whose personal information processing activities are in material violation of laws and regulations, and issuing personal information protection social responsibilities reports regularly.

Furthermore, the *PRC Personal Information Protection Law* stipulates the rules for cross-border transfer of personal information. Any cross-border transfer of personal information is subject to the condition that it is necessary to provide the personal information to a recipient outside the territory of the PRC due to any business need or any other need, as well as the satisfaction of at least one of the following conditions: (i) where a security assessment organized by the national cyberspace administration has been passed; (ii) where a certification of personal information protection has been passed from a professional institution in accordance with the provisions issued by the national cyberspace administration; (iii) where a standard contract formulated by the national cyberspace administration has been entered into with the overseas recipient; or (iv) any other condition prescribed by laws, administrative regulations or any other requirements by the national cyberspace administration. Critical information infrastructure operators and personal information processors that have processed personal information in an amount reaching a threshold prescribed by the national cyberspace administration, must store in the territory of the PRC the personal information collected or generated within the territory of the PRC. If it is necessary to provide such information to an overseas recipient, a security assessment organized by the national cyberspace administration must be passed.

On July 7, 2022, the Cyberspace Administration of China promulgated the Measures for the Security Assessment of Data Cross-border Transfer, which took effect on September 1, 2022 and aims to establish a continual assessment and monitoring mechanism with respect to cross-border data transfers. The Measures for the Security Assessment of Data Cross-border Transfer requires that any data processor providing personal information and important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. The Measures for the Security Assessment of Data Cross-border Transfer provides five circumstances, under any of which data processors shall apply to the national cyberspace administration for security assessment of data cross-border transfer. These circumstances include: (i) where a data processor provides important data abroad; (ii) where a CIO or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total since January 1 of the previous year provides personal information abroad; and (iv) other circumstances where a security assessment of cross-border data transfer is required as prescribed by the national cyberspace administration. Prior to applying for security assessment, a data processor shall conduct self-assessment on the risks of cross-border data transfers, with an emphasis on the following matters: (i) the legality, legitimacy and necessity of the purpose, scope and method of cross-border data transfers and data

processing of the overseas recipient; (ii) the scale, scope, type and sensitivity of the data to be provided cross-border, and the risks to national security, public interests or the legitimate rights and interests of individuals or organizations caused by cross-border data transfers; (iii) the responsibilities and obligations that the overseas recipient promises to undertake, and whether the overseas recipient's management and technical measures and capabilities for performing its responsibilities and obligations could guarantee the security of the data; (iv) risks of the data to be tampered with, destroyed, divulged, lost, transferred, illegally obtained or illegally used during and after cross-border data transfers, and whether the channel for the maintenance of personal information rights and interests is unobstructed; (v) whether the contracts on the data to be concluded with the overseas recipient or other legally binding documents have fully agreed on the responsibilities and obligations to protect the data security; and (vi) other matters that may affect the security of cross-border data transfers. The result of a security assessment of cross-border data transfer would be valid for two years, commencing from the date when the result is issued, and the data processor shall re-apply for an assessment if certain circumstances occur within the period of validity or 60 business days prior to the expiration of the period of validity. For cross-border data transfers that have been carried out before the effectiveness of the Measures for the Security Assessment of Data Cross-border Transfer, if not in compliance with these measures, rectification shall be completed within six months from the effectiveness of the Measures for the Security Assessment of Data Cross-border Transfer.

On December 28, 2021, the Cyberspace Administration of China and other PRC governmental authorities jointly released the Measures for Cybersecurity Review, which took effect on February 15, 2022. Pursuant to the Measures for the Cybersecurity Review, operators of "critical information infrastructure" or data processors holding over one million users' personal information which intends to be listed in a foreign country are subject to a cybersecurity review. The cybersecurity review will evaluate, among others, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk.

On December 8, 2022, the Ministry of Industry and Information Technology published the *Data Security Management Measures in the Field of Industry and Information Technology* (for Trial Implementation), or the Data Security Measures in the IT Field, which took effect on January 1, 2023. The Data Security Measures in the IT Field requires the industrial and telecom data processors to further implement data classification and hierarchical management, take necessary measures to ensure that data remains effectively protected and being lawfully applied and conduct data security risk monitoring. The Data Security Measures in the IT Field provides that all businesses which handle industrial and telecoms data in mainland China are required to categorize such information into "general," "important" and "core" and businesses processing "important" and "core" data shall comply with certain filing and reporting obligations. Data in the field of industry and information technology shall include industrial data, telecoms data, etc. "Industrial data" refers to data produced and collected in the course of research and development design, manufacturing, operation and management, operating and maintenance, and platform operation in various sectors and fields of industry. "Telecoms data" refers to the data generated and collected in the course of telecommunications business operations. For different categories of data, the Data Security Measures in the IT Field prescribes different requirements in terms of security management and protection in terms of data collection, storage, processing, transmission, provision, publication, destruction, exit, transfer, entrusted processing, etc. For general data, the data processors shall establish a life-cycle safety management system, assign management personnel, reasonably determine operation authority, formulate emergency plans, conduct emergency drills, conduct education and training, and keep log records.

On March 22, 2024, the Cyberspace Administration of China published the *Provisions on Promoting and Regulating Cross-bound Data Flows*, which streamline and provide clarity to the governance framework for outbound data transfer. According to the provisions, the data processors shall identify and declare important data in accordance with relevant provisions. If the data have not been informed or publicly announced as important data by relevant authorities or region, data processors are not required to report security assessment for its outbound data transfer as important data. The provisions also establish specific exemptions for the outbound data transfer. For instance, data collected and generated in the course of international trade, transnational transportation, academic cooperation, global manufacturing and marketing, that does not contain personal information or important data, is now exempt from compliance requirement of outbound data transfer, such as security assessment for outbound data transfer, the execution of standard contracts for outbound personal information transfer, or the authentication process for personal information protection.

On September 24, 2024, the State Council issued *the Regulation on the Administration of Cyber Data Security*, or the Cyber Data Security Regulation, which came into effect from January 1, 2025. The Cyber Data Security Regulation stipulated certain requirements on network data processing activities, the security and protection of network data, and the reasonable and effective use of network data, and further clarifies the protection of personal information, security of important data, management of cross-border security of network data and obligations of network platform service providers. The Cyber Data Security Regulation required, among others, where network data processing activities carried out by a network data processor affect or may affect national security, national security review shall be conducted in accordance with relevant PRC regulations.

### **Regulations Relating to Overseas Listing and M&A**

On August 8, 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised on June 22, 2009. The Rules on Acquisition of Domestic Enterprises by Foreign Investors, among other things, require that if an overseas company established or controlled by mainland China companies or individuals, intends to acquire equity interests or assets of any other mainland China domestic company affiliated with the mainland China companies or individuals, such acquisition must be submitted to the Ministry of Commerce for approval. The Rules on Acquisition of Domestic Enterprises by Foreign Investors also require that an offshore special vehicle, or a special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the mainland China companies or individuals, shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

On February 17, 2023, the CSRC released several regulations regarding the offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines and the Notice on Administrative Arrangements for the Filing of Domestic Enterprise's Overseas Offering and Listing, collectively, the Overseas Listing Filing Rules, which took effect on March 31, 2023. The Overseas Listing Filing Rules comprehensively reform the former regulatory regime for overseas offering and listing of mainland China domestic companies' securities and regulate both direct and indirect overseas offering and listing of mainland China domestic companies' securities by adopting a filing-based regulatory regime. According to the Overseas Listing Filing Rules, the issuer or a major domestic operating company designated by the issuer, as the case may be, shall file with the CSRC, among others, (i) with respect to its follow-on offering in the same foreign market within three business days after completion of the follow-on offering, and (ii) with respect to its follow-on offering and listing in other foreign markets within three business days, after its initial filing of the listing application to the regulator in the place of such intended listing. Non-compliance with the Overseas Listing Filing Rules or an overseas listing completed in breach of the Overseas Listing Filing Rules may result in a warning on the domestic companies and a fine of RMB1 million to RMB10 million on them. Furthermore, the supervisors directly responsible and other directly responsible persons of the domestic enterprises may be warned, and fined between RMB500,000 to RMB5 million. The controlling shareholders or actual controllers of the domestic company organize or instigate the illegal acts, or conceals matters resulting in the illegal acts, may be fined between RMB1 million to RMB10 million. According to the Overseas Listing Filing Rules, domestic enterprises that had completed overseas listings before March 31, 2023 are not required to file with the CSRC immediately, but shall carry out filing procedures as required if they conduct refinancing or fall within other circumstances that require filing with the CSRC.

On February 24, 2023, the CSRC and several other administrations jointly released the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Archives Rules, which took effect on March 31, 2023. The Archives Rules apply to both overseas direct offerings and overseas indirect offerings. The Archives Rules provides that, among other things, (i) in relation to the overseas listing activities of domestic enterprises, the domestic enterprises are required to strictly comply with the requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities; (ii) during the course of an overseas offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and overseas regulators, any materials that contain relevant state secrets or that have a sensitive impact (i.e. be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the approval/filing and other regulatory procedures; and (iii) working papers produced in the PRC by securities companies and securities service institutions, which provide

domestic enterprises with securities services during their overseas issuance and listing, should be stored in the PRC, and the transmission of all such working papers to recipients outside of the PRC is required to be approved by competent authorities of the PRC.

### **Enforceability of Civil Liabilities in Mainland China**

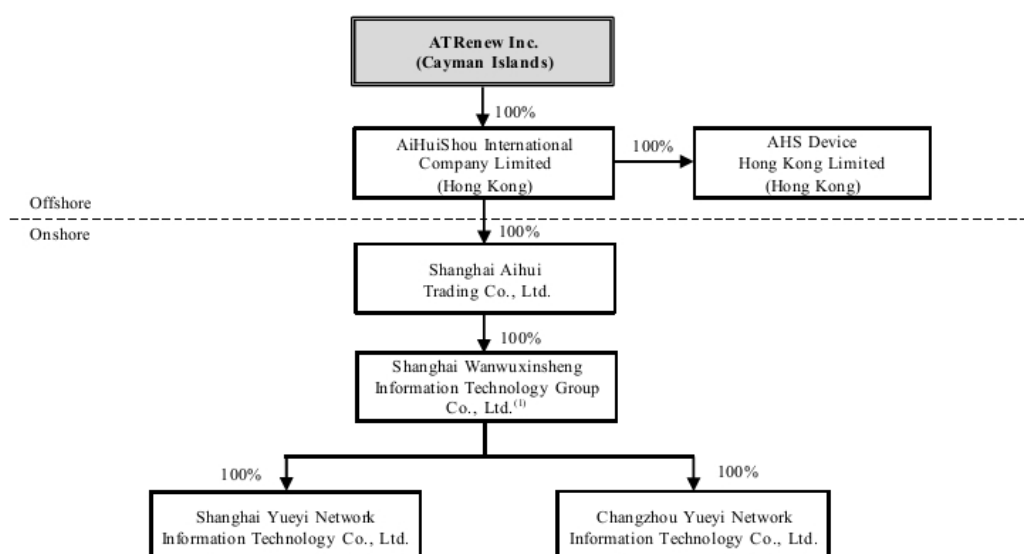
Han Kun Law Offices, our PRC counsel, has advised us that there is uncertainty as to whether the courts in mainland China would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Han Kun Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts in mainland China may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between mainland China and the jurisdiction where the judgment is made or on principles of reciprocity between jurisdictions. Mainland China does not have any treaties or other forms of written reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in mainland China will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of laws in mainland China or national sovereignty, security, or public interest. As a result, it is uncertain whether and on what basis a court mainland China would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on laws in mainland China against a company in mainland China for disputes if they can establish sufficient nexus to mainland China for a court in mainland China to have jurisdiction, and meet other procedural requirements, including, among others, that (i) the plaintiff must have a direct interest in the case, (ii) there must be a specific defendant, a concrete claim, a factual basis and a cause for the suit, and (iii) the action must fall within the range of civil actions accepted by the courts in mainland China and within the jurisdiction of the court in mainland China with which it is filed. The court in mainland China will determine whether to accept the complaint in accordance with the PRC Civil Procedures Law. It will be, however, difficult for U.S. investors to initiate actions against us in mainland China in accordance with laws in mainland China because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. investors, by virtue only of holding the ADSs or Class A ordinary shares, to establish a connection to mainland China for a court in mainland China to have jurisdiction as required under the PRC Civil Procedures Law.

### **C. Organizational Structure**

The following diagram illustrates our corporate structure consisting of our principal subsidiaries as of the date of this annual report:



(1) Prior to April 2022, the variable interest entity structure was established through a series of contractual arrangements between Shanghai Aihui, Shanghai Wanwuxinsheng, i.e. the former VIE, and the shareholders of Shanghai Wanwuxinsheng. As a result of such contractual arrangements, financial results of Shanghai Wanwuxinsheng and its subsidiaries were consolidated in our consolidated financial statements under the U.S. GAAP. In April 2022, Shanghai Aihui acquired all equity interests of Shanghai Wanwuxinsheng from the shareholders of Shanghai Wanwuxinsheng, following which Shanghai Wanwuxinsheng became a subsidiary of our company and the variable interest entity structure was completely unwound.

ATRenew Inc. is a Cayman holding company and our operations are conducted primarily through subsidiaries in China. By purchasing the ADSs, you are purchasing interests in our Cayman holding company, as opposed to interests in our subsidiaries in China. By purchasing the ADSs, you are purchasing interests in our Cayman holding company, as opposed to interests in our subsidiaries in China. Were this holding company structure to be challenged or disallowed by any regulatory authorities, our business operations would be materially and adversely affected and the value of the ADSs could significantly decline or become worthless. This holding company structure also involves certain risks in terms of dividend distribution, direct investment in entities in mainland China and obtaining benefits under tax treaty. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our subsidiaries in mainland China to fund any cash and financing requirements we may have, and any limitation on the ability of our mainland China subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business,” “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of financing activities to make loans or additional capital contributions to our mainland China subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Mainland China regulations relating to offshore investment activities by mainland China residents may limit our mainland China subsidiaries’ ability to change their registered capital or distribute profits to us or otherwise expose us or our beneficial owners who are mainland China residents to liability and penalties under mainland China law” See also “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution.”

## Historical Contractual Arrangements

Prior to the unwinding of the variable interest entity structure in April 2022, Shanghai Aihui was a party to a series of contractual arrangements with Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng, which allowed us to (i) have the power to direct activities of Shanghai Wanwuxinsheng that most significantly affect its economic performance, (ii) receive all economic benefits of Shanghai Wanwuxinsheng; and (iii) have an exclusive option to purchase all of the equity interests in Shanghai Wanwuxinsheng when and to the extent permitted by laws and regulations in mainland China, and thus satisfying the conditions for consolidation of the former VIE under U.S. GAAP.

### D. Property, Plant and Equipment

Our headquarters are located in Shanghai, where we leased an aggregate area of over 14,310 square meters as of December 31, 2024 for office space. As of December 31, 2024, we had 8 operation centers with an aggregate floor area of approximately 40,224 square meters across mainland China and Hong Kong.

Our servers are hosted in Shanghai, China. These data centers are owned and maintained by third-party data center operators. We believe that our existing facilities are sufficient for our current needs, and we will obtain additional facilities, principally through leasing, to accommodate our future expansion plans as needed.

As of December 31, 2024, we leased properties for all of our 830 directly operated offline AHS stores across 31 cities in China.

### Item 4A. Unresolved Staff Comments

None.

## Item 5. Operating and Financial Review and Prospects

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under “Item 3. Key Information—D. Risk Factors” and elsewhere in this annual report.*

### A. Operating Results

We are a leading pre-owned consumer electronics transactions and services platform in China. We have created the infrastructure for pre-owned consumer electronics transactions and services by digitalizing and standardizing the industry, with a strong focus on mobile phones. While core to our success is our ability to effectively source supply, our offerings today span the entire value chain for pre-owned consumer electronics.

Our platform digitally integrates every step of the pre-owned consumer electronics value chain. We obtain supply of pre-owned consumer electronics, process pre-owned consumer electronics for resale using our proprietary inspection, grading, and pricing technologies in our centralized operations centers, and distribute the processed electronics to a variety of purchasers. We transact with consumers and small merchants at both the supply and demand sides of the value chain, ensuring that a diverse range of participants have access to our platform. Our end-to-end coverage of the value chain and diverse supply and demand combine with our quality and pricing benchmarks to standardize the industry in China.

We generate revenue from the sale of phones and other consumer electronics goods through our platforms and other channels we operate. We also charge commission fees to third-party merchants for participating in our online marketplace. Our net revenue increased by 31.4% from RMB9,869.4 million in 2022 to RMB12,965.8 million in 2023, and further by 25.9% to RMB16,328.4 million (US\$2,237.0 million) in 2024. Our loss from operations was

RMB2,623.7 million in 2022 and RMB173.3 million in 2023. Our income from operations was RMB29.0 million (US\$4.0 million) in 2024. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results.”

### **Key Factors Affecting Our Results of Operations**

Key factors affecting our results of operations include the following:

#### ***Our ability to increase the number of consumer products transacted***

The number of consumer products transacted is one of the main drivers for our GMV, which affects our revenue.

Our platform attracts an increasing number of buyers and sellers to us to transact pre-owned consumer products. We have an omni-channel procurement network to secure supply both online and offline. We fulfil significant demand from small merchants and consumers nationwide through PJT Marketplace and Paipai Marketplace, respectively.

Continued growth in the number of consumer products transacted may stem from improved user experience, efficient processes, enhanced transparency, and robust security measures.

#### ***Our ability to effectively source the supply of pre-owned consumer electronic devices***

Our ability to source the supply of pre-owned consumer electronic devices is a key factor affecting our revenue. Our fully integrated online-offline sourcing network combined with our strategic partnerships with JD Group, major phone brands and retailers ensure that we are able to effectively source the supply to consistently meet the demand of buyers coming to us.

We source supply from our website, mobile app, mobile mini programs, AHS stores and self-service kiosks with broad coverage from top-tier to lower-tier cities. The omni-channel procurement network allows us to quickly secure supply of consumer electronics and scale up our business. In 2024, we had 35.3 million consumer products transacted. Our leading sourcing network together with our in-depth know-how of the industry bring more demand to us.

We are expanding our sources of supply through more AHS stores, deeper collaboration with JD Group, increased penetration of authorized distribution channels from brands, as well as more merchant empowerment services. We will further expand our offline network of stores and self-service kiosks and increase our penetration into lower-tier cities across China. We aim to further our relationships with key partners, including JD Group, to continually vitalize and grow the supply of goods.

We also facilitate the sale of pre-owned devices from merchants directly to consumers or other merchants through our open marketplaces, Paipai Marketplace and PJT Marketplace. Paipai Marketplace and PJT Marketplace empower small merchants and consumers by providing them with proprietary technologies that enable the trade-in of devices.

#### ***Our ability to effectively distribute pre-owned consumer electronic devices***

Our ability to effectively distribute pre-owned consumer electronic devices sourced from both AHS channels and third-party channels directly affects our revenue.

We have an effective distribution strategy for our own inventory based on increasingly automated inspection, grading and pricing, as well as accurate targeting of buyers. We sell high unit price products to consumers through Paipai Marketplace and other channels we operate, including social media, our AHS stores, AHS app and Weixin mini-program and mid-to-low unit price products to merchants and retailers through PJT Marketplace.

We also effectively distribute supplies from third-party transactions through our advanced auction and bidding infrastructure. We use a blind auction model through which participants can only access the information of the device for sale but cannot view information of the seller and other bidders or the bidding prices of other participating bidders.

Our auction and bidding model has significantly improved bidding efficiency and provides merchants with faster turnaround.

***Our ability to monetize our direct sales and third-party transactions on our online marketplaces***

The monetization level from both our direct sales and third-party transactions on our PJT Marketplace and Paipai Marketplace directly affects our revenue. We generate net product revenue from the direct sale of phones and other consumer electronics, and net service revenue from charging commission fees from merchants and/or customers for transacting in our online marketplaces.

We sell our own inventory with a markup irrespective of conditions of the device, thanks to our advanced pricing mechanism that sets the industry standard. Since April 2022, we have started to pilot our consumer electronics repair and refurbishment operations, under which we sell pre-owned electronic devices with renewed components. We will continue to expand this refurbishment services at a larger scale, which may enhance margins along the value chain. We also improve monetization from our AHS stores by providing more complementary services such as instant repair and insurance.

For third-party transactions, we believe there are opportunities to improve our commission rate as we continue to scale, further diversify the categories of devices and other consumer goods transacted, and monetize more services that are currently delivered to sellers and buyers for free, such as supply chain, smart security, digital storefront and marketing campaigns.

***Our ability to leverage technology in our operations***

Our proprietary technologies are key to achieving low turnaround time, efficient operation and quality customer service. Our infrastructure provides end-to-end coverage of the value chain and standardizes the inspection, grading, and pricing process. Technology infrastructure at our operation centers supports our growth through automation and data insights, enabling efficient inspection, grading and pricing of devices at scale.

Automation reduces manual processes in our operation centers, hence reducing the cost of running these centers. We have developed a proprietary automated inspection, grading and pricing system utilized by our operation centers. Our operation centers are able to assign quality grading to pre-owned devices on scale significantly faster and cheaper than manual inspection. As a result, we achieve superior efficiency and accuracy for our inspection, grading and pricing process. As of December 31, 2024, we operated eight centralized operation centers, including two fully automated center in Changzhou and Dongguan and 16 city-level operation stations equipped with proprietary data-driven processing technologies.

Big data and artificial intelligence enable us to optimize our pricing strategies and ensure efficient day-to-day operation of our AHS stores. By analyzing thousands of phone models, millions of transactions, and the purchasing behavior of millions of consumers and small merchants, we provide benchmarks for quality and pricing in the industry. Our data capabilities allow us to capture key in-store foot prints to optimize store management and provide standardized customer service offerings, which greatly improve the operation efficiencies of our AHS stores.

We will continue to invest in technology to further scale our platform.

***Our ability to control costs and expenses and enhance operational efficiency***

Our results of operations are affected by our ability to control our operating costs and expenses. Our costs and expenses consist of merchandise costs, fulfillment expenses, selling and marketing expenses, technology and content expenses, and general and administrative expenses. We expect our costs and expenses to continue to increase as we grow the number of consumer products transacted. To ensure the scaling of our business is carried out in an efficient and cost-effective manner, we have strengthened our strategic relationship with JD Group to benefit from its large and active consumer traffic at a reasonable cost. We will also further optimize fulfillment costs through more efficient management of warehousing and logistics.

We believe our scale, coupled with the flywheel effect of our platform, will allow us to benefit more from substantial economies of scale and improve operational efficiency.

## Key Operating Metrics

We evaluate the number of devices transacted as key metrics affecting our results of operations.

**Number of consumer products transacted.** Our number of consumer products transacted calculates the number of consumer products distributed to merchants and consumers through transactions on our PJT Marketplace, Paipai Marketplace and other channels we operate in a given period, prior to returns and cancellations, excluding the number of consumer products collected through AHS Recycle. A single consumer product may be counted more than once according to the number of times it is transacted on our PJT Marketplace, Paipai Marketplace and other channels we operate through the distribution process to end consumer. We track the number of consumer products transacted to measure our sourcing capabilities and our ability to distribute pre-owned consumer products.

	For the Years Ended December 31,		
	2022	2023	2024
Number of consumer products transacted (in million)	32.0	32.3	35.3

## Key Components of Results of Operations

### Net revenues

We generate net revenues from product sales and services we provide through our online marketplaces, including PJT Marketplace, offline AHS stores and Paipai Marketplace, and other channels we operate. The following table sets forth the breakdown of our net revenues by amounts and percentages of net revenues for the periods presented:

	For the Years Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except for percentages)					
<b>Net revenues:</b>						
Net product revenues	8,676,672	87.9	11,658,298	89.9	14,844,416	2,033,677
Net service revenues	1,192,752	12.1	1,307,484	10.1	1,483,984	203,305
<b>Total net revenues</b>	<b>9,869,424</b>	<b>100.0</b>	<b>12,965,782</b>	<b>100.0</b>	<b>16,328,400</b>	<b>2,236,982</b>

**Net product revenues.** We generate revenues from sale of phones and other consumer electronics goods through our PJT Marketplace, Paipai Marketplace, offline AHS Stores and other channels we operate. We procure pre-owned phones and other consumer electronics from consumers, small merchants, consumer electronic brands, e-commerce platforms and retailers through our online and offline channels. We then process the pre-owned consumer electronics using our proprietary inspection, grading, and pricing technologies and sell them at a higher price suggested by our pricing mechanism. We also give our buyers the option to trade in their pre-owned devices for new ones.

**Net service revenues.** We charge commission fees to merchants and/or customers for transacting in our online marketplaces. For PJT Marketplace, we charge both the merchants and buyers a commission fee that ranges from a total of approximately 6% to 7% of the executed transaction price. The commission fee charged to the merchants is determined as a percentage based on the executed transaction price, and the commission fee charged to buyers is determined as a negotiated tiered amount. For Paipai Marketplace, commission fees are charged to merchants only, determined as a percentage based on the executed transaction price. For certain merchants who sell products on our online marketplaces, we enter into contractual agreements with these merchants for a fixed monthly marketplace management fee in addition to the commission fees charged for each transaction.

We expect both our net product revenues and our net service revenues to continue to increase in the foreseeable future as we continue to rapidly expand our business.

## Operating Expenses

Our operating expenses primarily consist of merchandise costs, fulfillment expenses, selling and marketing expenses, general and administrative expenses, technology and content expenses and goodwill impairment loss. The following table sets forth the breakdown of our operating costs and expenses, in amounts and as percentages of total net revenues for each of the periods presented:

	For the Years Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except for percentages)					
<b>Operating costs and expenses</b>						
Merchandise costs	7,596,613	77.0	10,338,870	79.7	13,086,418	1,792,832
Fulfillment expenses	1,123,495	11.4	1,123,994	8.7	1,382,273	189,371
Selling and marketing expenses	1,536,052	15.6	1,250,860	9.6	1,367,028	187,282
General and administrative expenses	230,421	2.3	265,981	2.1	306,782	42,029
Technology and content expenses	227,812	2.3	195,679	1.5	210,364	28,820
Goodwill impairment loss	1,819,926	18.4	—	—	—	—
<b>Total operating costs and expenses</b>	<b>12,534,319</b>	<b>127.0</b>	<b>13,175,384</b>	<b>101.6</b>	<b>16,352,865</b>	<b>2,240,334</b>

### Merchandise costs

Merchandise costs primarily consist of cost of acquired products mainly through AHS Recycle and inbound shipping charges for our product sales. We expect our merchandise costs to continue to grow in line with growth in revenue from product sales.

### Fulfillment expenses

Fulfillment expenses consist primarily of expenses incurred in operating our platform, centralized operation centers, operation stations, offline AHS stores and warehousing operations, such as personnel expenses attributable to purchasing, receiving, inspecting and grading, packaging and preparing customer orders for shipment, as well as outbound shipping charges.

### Selling and marketing expenses

Selling and marketing expenses consist primarily of amortization of intangible assets and deferred cost in relation to the acquisition of Paipai Marketplace, platform promotion expenses, channel commissions, advertising expenses, and payroll and related expenses for personnel involved in marketing and business development activities.

The amortization of intangible assets primarily represents amortization of the business cooperation agreement, non-compete commitment, and brand names arising from the acquisition of Paipai Marketplace and business cooperation agreement with Kuaishou. We recorded such amortization expenses of intangible assets and deferred cost of RMB352.7 million in 2022, RMB288.7 million in 2023 and RMB214.0 million (US\$29.3 million) in 2024. The impairment loss of intangible assets and deferred cost amount to RMB 271.1 million in 2022, nil in 2023 and nil in 2024.

We offer incentives such as promotion coupons to consumers on Paipai Marketplace, and such incentive expenses are recorded as selling and marketing expenses because they serve to promote our Paipai Marketplace. Such incentive expenses amounted to RMB106.1 million in 2022, RMB108.4 million in 2023 and RMB97.2 million (US\$13.3 million) in 2024. As the amounts of consumer incentives largely depend on our business decisions and market conditions, our past practices may not be indicative of future trend. Channel commissions consist of commission paid to sales channel providers and collection channel providers, and amounted to RMB223.4 million in 2022, RMB219.4 million in 2023 and RMB255.3 million (US\$35.0 million) in 2024.

### General and administrative expenses

General and administrative expenses consist primarily of personnel related expenses for general corporate functions, including accounting, finance, tax, legal and human relations; costs associated with these functions including facilities and equipment depreciation expenses, rental and other general corporate related expenses. We

expect that our general and administrative expenses will increase in absolute amounts in the foreseeable future due to the increasing expenses related to the anticipated growth of our business and our operation as a public company.

#### *Technology and content expenses*

Technology and content expenses consist primarily of payroll and related expenses for technology and content employees involved in designing, developing and maintaining technology platform, and improving artificial intelligence, big data and cloud technologies and services, and technology infrastructure costs. Technology infrastructure costs include equipment depreciation, data center costs and amortization and impairment of platform arising from acquisition of Paipai Marketplace. We expect our technology and content expenses to continue to increase as we plan to invest more resources to technology and innovation.

#### *Goodwill impairment loss*

Goodwill impairment loss primarily consists of impairment of goodwill arising from the acquisition of Paipai. Considering the outbreak of COVID-19 pandemic and changes in the market conditions, we performed quantitative impairment tests on goodwill and recognized an impairment loss of RMB1,819.9 million in 2022, nil in 2023 and nil in 2024.

### **Taxation**

#### ***Cayman Islands***

Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gain.

#### ***Hong Kong***

Under the current Hong Kong Inland Revenue Ordinance, our subsidiaries incorporated in Hong Kong are subject to 16.5% Hong Kong profit tax on their taxable income generated from operations in Hong Kong for the year of assessment 2017/2018. Commencing from the year of assessment 2018/2019, the first 2 million of profits in Hong Kong dollars earned by our subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. Under the Hong Kong tax laws, we are exempted from the Hong Kong income tax on our foreign-derived income. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to our company are not subject to any Hong Kong withholding tax.

#### ***PRC***

Under the PRC Enterprise Income Tax Law, the statutory enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. All of our mainland China subsidiaries, consolidated former VIE and former VIE's subsidiaries are subject to the statutory income tax rate of 25% except for Shanghai Wanwuxinsheng which obtained qualification as High and New Technologies Enterprises, or HNTE in 2021 and was entitled to a preferential EIT rate of 15% from 2021 to 2023 if certain conditions are met. So far, Shanghai Wanwuxinsheng is in accumulated loss status and has not enjoyed any income tax benefits from the HNTE status.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of mainland China with “de facto management body” within mainland China is considered a resident enterprise. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. Based on a review of surrounding facts and circumstances, we do not believe that it is likely that our operations outside of mainland China should be considered a resident enterprise for PRC tax purposes. If our holding company in the Cayman Islands or any of our subsidiaries outside of mainland China were deemed to be a “resident enterprise” under the PRC Enterprise Income Tax Law, we would be subject to enterprise income tax on our worldwide income at a rate of 25%. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a mainland China resident enterprise for mainland China income tax purposes, such classification could result in unfavorable tax consequences to us and our non-mainland China shareholders or ADS holders.”

The PRC Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by “resident enterprises” to “non-resident enterprises” after January 1, 2008. In addition, under the tax arrangements between mainland China and Hong Kong, if a foreign investor is a Hong Kong resident enterprise and such foreign investor is determined by the competent PRC tax authority to have satisfied the conditions and requirements, the applicable withholding tax rate is reduced to 5%, if the investor holds at least 25% in such “resident enterprises”, or 10%, if the investor holds less than 25% in such “resident enterprises”. We did not record any dividend withholding tax, as it has no retained earnings for the years ended December 31, 2020, 2021, 2022, 2023 and 2024.

## Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years presented, both in absolute amount and as a percentage of our net revenues for the years presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of our future trends.

	For the Years Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except for percentages, share numbers and per share data)					
<b>Net revenues</b>						
Net product revenues	8,676,672	87.9	11,658,298	89.9	14,844,416	2,033,677
Net service revenues	1,192,752	12.1	1,307,484	10.1	1,483,984	203,305
<b>Total net revenues</b>	<b>9,869,424</b>	<b>100.0</b>	<b>12,965,782</b>	<b>100.0</b>	<b>16,328,400</b>	<b>2,236,982</b>
<b>Operating (expenses) income</b>						
Merchandise costs	(7,596,613)	(77.0)	(10,338,870)	(79.7)	(13,086,418)	(1,792,832)
Fulfillment expenses	(1,123,495)	(11.4)	(1,123,994)	(8.7)	(1,382,273)	(189,371)
Selling and marketing expenses	(1,536,052)	(15.6)	(1,250,860)	(9.6)	(1,367,028)	(187,282)
General and administrative expenses	(230,421)	(2.3)	(265,981)	(2.1)	(306,782)	(42,029)
Technology and content expenses	(227,812)	(2.3)	(195,679)	(1.5)	(210,364)	(28,820)
Goodwill impairment loss	(1,819,926)	(18.4)	—	—	—	—
Other operating income, net	41,238	0.4	36,264	0.3	53,434	7,320
<b>Income (loss) from operations</b>	<b>(2,623,657)</b>	<b>(26.6)</b>	<b>(173,338)</b>	<b>(1.3)</b>	<b>28,969</b>	<b>3,968</b>
Interest expense	(6,163)	(0.1)	(7,056)	(0.1)	(15,016)	(2,057)
Interest income	17,780	0.2	37,875	0.3	26,861	3,680
Other income (loss), net	38,791	0.4	(5,887)	(0.1)	(41,256)	(5,652)
<b>Loss before income taxes</b>	<b>(2,573,249)</b>	<b>(26.1)</b>	<b>(148,406)</b>	<b>(1.2)</b>	<b>(442)</b>	<b>(61)</b>
Income tax benefits	111,783	1.1	42,530	0.3	56,877	7,792
Share of loss in equity method investments	(6,471)	(0.1)	(50,374)	(0.4)	(64,664)	(8,859)
<b>Net loss</b>	<b>(2,467,937)</b>	<b>(25.1)</b>	<b>(156,250)</b>	<b>(1.3)</b>	<b>(8,229)</b>	<b>(1,128)</b>

### Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

#### Net revenues

Our net revenues, which consisted of net product revenues and net service revenues, increased by 25.9% from RMB12,965.8 million in 2023 to RMB16,328.4 million (US\$2,237.0 million) in 2024. This increase was primarily due to an increase of RMB3,186.1 million in our net product revenues and an increase of RMB176.5 million in our net service revenues.

*Net product revenues.* Our net product revenues increased by 27.3% from RMB11,658.3 million in 2023 to RMB14,844.4 million (US\$2,033.7 million) in 2024. This increase was attributable to an increase in the sales of pre-owned consumer electronics through our online channels.

*Net service revenues.* Our net service revenues increased by 13.5% from RMB1,307.5 million in 2023 to RMB1,484.0 million (US\$203.3 million) in 2024. This increase was attributable to an increase in the service revenue generated from PJT Marketplace and multi-category recycling business.

***Merchandise costs***

Our merchandise costs increased by 26.6% from RMB10,338.9 million in 2023 to RMB13,086.4 million (US\$1,792.8 million) in 2024, primarily attributable to the growth of our net product sales.

***Fulfillment expenses***

Our fulfillment expenses increased by 23.0% from RMB1,124.0 million in 2023 to RMB1,382.3 million (US\$189.4 million) in 2024, which was mainly due to (i) an increase in personnel costs and logistics expenses as we conducted more recycling and transaction activities compared with the year of 2023, and (ii) an increase in operation related expenses as we expanded our store networks and operation center capacity.

***Selling and marketing expenses***

Our selling and marketing expenses increased by 9.3% from RMB1,250.9 million in 2023 to RMB1,367.0 million (US\$187.3 million) in 2024, primarily due to (i) an increase in advertising expenses and promotional campaign related expenses, (ii) an increase in share-based compensation expenses, and (iii) an increase in commission expenses in relation to channel service fees. The increase was partially offset by a decrease in amortization of intangible assets and deferred cost resulting from assets and business acquisitions as well as the maturity of some intangible assets and deferred cost since the second quarter of 2023.

***General and administrative expenses***

Our general and administrative expenses increased by 15.3% from RMB266.0 million in 2023 to RMB306.8 million (US\$42.0 million) in 2024, which was mainly due to (i) an increase in personnel cost, and (ii) an increase in office related expenses. The increase was partially offset by a decrease in share-based compensation expense.

***Technology and content expenses***

Our technology and content expenses increased by 7.5% from RMB195.7 million in 2023 to RMB210.4 million (US\$28.8 million) in 2024, which was mainly due to an increase in personnel costs in connection with the ongoing upgrade of our operation centers and system.

***Other operating income, net***

Our other operating income, net increased from RMB36.3 million in 2023 to RMB53.4 million (US\$7.3 million) in 2024, which was mainly attributable to the increase in government subsidies.

***Income (loss) from operations***

As a result of the foregoing, we incurred income from operations of RMB29.0 million (US\$4.0 million) in 2024, as compared to loss from operations of RMB173.3 million in 2023.

***Interest expense***

We had interest expense of RMB7.1 million in 2023 and RMB15.0 million (US\$2.1 million) in 2024. The increase was primarily attributable to the increase in average daily balance of our short-term borrowings.

***Interest income***

We had interest income of RMB37.9 million in 2023 and RMB26.9 million (US\$3.7 million) in 2024. The decrease was primarily attributable to the decrease in interest rate and average daily balance of our short-term investments and restricted cash.

**Other loss, net**

We had net other loss of RMB5.9 million in 2023 and RMB41.3 million (US\$5.7 million) in 2024. The loss increase was primarily attributable to the fair value changes of some of short-term investments and long-term investments.

**Income tax benefits**

We had income tax benefits of RMB42.5 million in 2023 and RMB56.9 million (US\$7.8 million) in 2024. The increase was primarily because Shanghai Wanwuxinsheng renewed its tax benefit qualification in 2024 from 25% to 15% and one-time tax benefits were remeasured and recognized in 2024, which was partially offset by the decrease in tax calculation basis on the amortization of intangible assets and deferred cost resulting from assets and business acquisitions.

**Share of loss in equity method investments**

We had share of loss in equity method investments of RMB50.4 million in 2023 and RMB64.7 million (US\$8.9 million) in 2024. The difference was attributable to the increase in the investees' net loss in 2024.

**Net loss**

As a result of the foregoing, our net loss was RMB8.2 million (US\$1.1 million) in 2024, as compared to RMB156.3 million in 2023.

**Year Ended December 31, 2023 Compared to Year Ended December 31, 2022****Net revenues**

Our net revenues, which consisted of net product revenues and net service revenues, increased by 31.4% from RMB9,869.4 million in 2022 to RMB12,965.8 million in 2023. This increase was primarily due to an increase of RMB2,981.6 million in our net product revenues and an increase of RMB114.7 million in our net service revenues.

*Net product revenues.* Our net product revenues increased by 34.4% from RMB8,676.7 million in 2022 to RMB11,658.3 million in 2023. This increase was attributable to an increase in the sales of pre-owned consumer electronics through our online and offline channels.

*Net service revenues.* Our net service revenues increased by 9.6% from RMB1,192.8 million in 2022 to RMB1,307.5 million in 2023. This increase was attributable to the increase in transaction volume and monetization capability of Paipai and PJT Marketplace.

**Merchandise costs**

Our merchandise costs increased by 36.1% from RMB7,596.6 million in 2022 to RMB10,338.9 million in 2023, primarily attributable to the growth of our net product sales.

**Fulfillment expenses**

Our fulfillment expenses increased slightly from RMB1,123.5 million in 2022 to RMB1,124.0 million in 2023, which was mainly due to an increase in personnel costs as we conducted more recycling and transaction activities in 2023 compared with the year of 2022, partially offset by (i) decreases in logistics expenses and operation center related expenses as we continued optimizing our store and operation station networks, and (ii) a decrease in share-based compensation expenses.

***Selling and marketing expenses***

Our selling and marketing expenses decreased by 18.6% from RMB1,536.1 million in 2022 to RMB1,250.9 million in 2023, primarily due to (i) the recognition of the impairment loss of intangible assets and deferred cost in 2022, which was nil in 2023, (ii) a decrease in amortization of intangible assets and deferred cost resulting from assets and business acquisitions, after recognizing the impairment loss of intangible assets and deferred cost in 2022, and (iii) a decrease in personnel cost. The decrease was partially offset by an increase in marketing expenses.

***General and administrative expenses***

Our general and administrative expenses increased by 15.5% from RMB230.4 million in 2022 to RMB266.0 million in 2023, which was mainly due to (i) an increase in expected credit loss, and (ii) an increase in office related expenses.

***Technology and content expenses***

Our technology and content expenses decreased by 14.1% from RMB227.8 million in 2022 to RMB195.7 million in 2023, which was mainly due to the decrease in one-off technology expenses as our platforms become more sustainable.

***Other operating income, net***

Our other operating income, net decreased from RMB41.2 million in 2022 to RMB36.3 million in 2023, which was mainly attributable to a decrease in government subsidies.

***Loss from operations***

As a result of the foregoing, we incurred loss from operations of RMB173.3 million in 2023, as compared to RMB2,623.7 million in 2022.

***Interest expense***

We had interest expense of RMB6.2 million in 2022 and RMB7.1 million in 2023. The increase was primarily attributable to the increase in average daily balance of our short-term borrowings.

***Interest income***

We had interest income of RMB17.8 million in 2022 and RMB37.9 million in 2023. The increase was primarily attributable to the increase in average daily balance of our short-term investments.

***Other income (loss), net***

We had net other income of RMB38.8 million in 2022 and net other loss of RMB5.9 million in 2023. The decrease was primarily attributable to the decrease in fair value changes of long-term investments due to the more stable capital market.

***Income tax benefits***

We had income tax benefits of RMB111.8 million in 2022 and RMB42.5 million in 2023. The difference was primarily attributable to the decrease in tax calculation basis due to the impairment of intangible assets resulting from the business and assets acquisitions recognized as of December 31, 2022.

***Share of loss in equity method investments***

We had share of loss in equity method investments of RMB6.5 million in 2022 and RMB50.4 million in 2023. The difference was attributable to the increase in the investees' net loss in 2023.

### ***Net loss***

As a result of the foregoing, our net loss was RMB156.3 million in 2023, as compared to RMB2,467.9 million in 2022.

### **Critical Accounting Estimates**

We prepare our financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires us to make estimates, judgments, and assumptions that can have a meaningful effect on the reporting of consolidated financial statements. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

Critical accounting estimates are defined as those reflective of significant judgments, estimates and uncertainties, which may result in materially different results under different assumptions and conditions.

The following descriptions of critical accounting estimates should be read in conjunction with our consolidated financial statements and accompanying notes and other disclosures included in this annual report. When reviewing our financial statements, you should consider (i) our selection of critical accounting estimates, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

### ***Income taxes***

#### **Description**

Current income taxes are provided for in accordance with the laws of the tax authorities. Deferred income taxes are provided using assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management consider all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation. Deferred tax assets are then reduced by a valuation allowance through a charge to income tax expense.

#### ***Judgments and Uncertainties***

We have provided a full valuation allowance for the deferred tax assets as of December 31, 2023 and 2024, as we are not able to conclude that the future realization of those net operating loss carry forwards and other deferred tax assets are more likely than not. We take the position that full valuation allowance shall be provided considering all the positive and negative evidences with our judgments. We consider the facts and evidence include the amounts available in the carryback periods, reversal patterns of existing taxable temporary differences, our projections of future income and available qualified tax-planning strategies, which have uncertainties in the future period.

#### ***Sensitivity of Estimate to Change***

While we consider the facts above, our projections of future income qualified tax-planning strategies may be changed due to the macroeconomic conditions and our business development. The DTAs could be utilized in the future years if we make profits in the future, the valuation allowance shall be reversed and has a material impact on our income taxes and ETR in our financial statements. We recognized valuation allowance of RMB367.9 million, RMB262.3 million and RMB182.0 million (US\$24.9 million) as of December 31, 2022, 2023 and 2024, respectively.

## Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2.30 “Recent accounting pronouncements” to our consolidated financial statements included elsewhere in this annual report.

## B. Liquidity and Capital Resources

To date, we have financed our investing activities mainly through operating activities, historical equity and debt financing activities. As of December 31, 2024, we had RMB1,970.2 million (US\$269.9 million) in cash and cash equivalents, of which 94.5% were held in Renminbi, 2.8% were held in Hong Kong dollars, 2.1% were held in U.S. dollar, and the remainder was primarily held in Japan Yen.

As of December 31, 2024, we had unused one-year revolving credit facilities with several Chinese commercial banks to borrow up to RMB675 million. The outstanding balance of short-term borrowings was RMB225 million.

In 2023, we entered into two separate supply financing programs with a Chinese commercial bank to provide supply financing services to certain of our suppliers. Under these programs, we pledged RMB132.0 million as security of guarantees. As of December 31, 2024, the outstanding payment obligations confirmed as valid under the supply chain financing program amounted to RMB533.7 million.

We believe our cash on hand will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. As of the date of this annual report, we have not identified any specific targets for investments or acquisitions. If we determine that our cash requirements exceed the amount of cash we have on hand, we may seek to issue equity or equity linked securities or obtain debt financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

We expect that a substantial majority of our future revenues will be denominated in RMB. Under existing mainland China foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain procedural requirements are fulfilled. Therefore, our mainland China subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain procedural requirements. However, current mainland China regulations permit our mainland China subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our mainland China subsidiaries are required to set aside at least 10% of their after-tax profits after making up previous years’ accumulated losses each year, if any, to fund certain statutory reserve funds until the total amount set aside reaches 50% of their registered capital. These reserves are not distributable as cash dividends. Historically, our mainland China subsidiaries have not paid dividends to us, and they will not be able to pay dividends until they generate accumulated profits. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered or filed with SAFE, its local branches and/or certain local banks (as applicable).

As a Cayman Islands exempted company and offshore holding company, we are permitted under mainland China laws and regulations to provide funding to our mainland China subsidiaries and the former VIE in China only through loans or capital contributions, subject to approval, filing and/or reporting with respect to government authorities and limits on the amount of capital contributions and loans. This may delay us from using the proceeds from financing activities to make loans or capital contributions to our mainland China subsidiaries and the former VIE. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of financing activities to make loans or additional capital contributions to our mainland China subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

## Cash Flows

The following table sets forth the movements of our cash flows for the periods presented:

	For the Years Ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US\$
			(in thousands)	
Net cash provided by operating activities	881,297	243,898	642,807	88,064
Net cash (used in) provided by investing activities	(516,683)	172,013	(424,401)	(58,142)
Net cash (used in) provided by financing activities	(186,043)	68,703	(307,708)	(42,156)
Effect of foreign exchange rate changes on cash and cash equivalents	18,413	2,456	1,289	176
Net increase (decrease) in cash, cash equivalents and restricted cash	196,984	487,070	(88,013)	(12,058)
Cash, cash equivalents and restricted cash at the beginning of the year	1,506,642	1,703,626	2,190,696	300,124
Cash, cash equivalents and restricted cash at the end of the year	1,703,626	2,190,696	2,102,683	288,066

### Operating activities

Net cash provided by operating activities in 2024 was RMB642.8 million (US\$88.1 million). The difference between our net cash provided by operating activities and our net loss of RMB8.2 million (US\$1.1 million) in 2024 was primarily the result of adding back non-cash items, mainly including depreciation and amortization of RMB267.1 million (US\$36.6 million), share-based compensation of RMB166.7 million (US\$22.8 million), share of loss in equity method investment of RMB64.7 million (US\$8.9 million), non-cash lease expenses of RMB53.1 million (US\$7.3 million) and fair value change loss of investments of RMB35.6 million (US\$4.9 million), as well as changes in working capital items, including the decrease in inventories of RMB461.5 million (US\$63.2 million), the increase in accrued expenses and other current liabilities of RMB43.0 million (US\$5.9 million) and the increase in accrued payroll and welfare of RMB33.3 million (US\$4.6 million), offset by the decrease in accounts payable of RMB360.9 million (US\$49.4 million), the decrease in deferred tax liabilities of RMB58.4 million (US\$8.0 million) and the decrease in operating lease liabilities of RMB51.1 million (US\$7.0 million).

Net cash provided by operating activities in 2023 was RMB243.9 million. The difference between our net cash provided by operating activities and our net loss of RMB156.3 million in 2023 was primarily the result of adding back non-cash items, mainly including depreciation and amortization of RMB333.7 million, share-based compensation of RMB134.4 million, share of loss in equity method investment of RMB50.4 million, write-down of inventories of RMB45.7 million and non-cash lease expenses of RMB47.1 million as well as changes in working capital items, including an increase in accounts payable of RMB459.0 million, the decrease in funds receivable from third party payment service providers of RMB63.2 million and the decrease in prepayments and other receivables, net of RMB43.9 million, offset by an increase in inventories of RMB629.4 million, the decrease in accrued expenses and other current liabilities of RMB89.7 million and the decrease in contract liabilities of RMB75.7 million. The increase in accounts payable is mainly due to the increased inventories in support of the future transaction development. Prepayments and other receivables mainly relate to customer deposits. Contract liabilities exists when we have received consideration but has not transferred the related goods or services to the customer.

Net cash provided by operating activities in 2022 was RMB881.3 million. The difference between our net cash provided by operating activities and our net loss of RMB2,467.9 million in 2022 was primarily the result of adding back non-cash items, mainly including impairment loss of intangible assets, deferred cost and goodwill of RMB2,097.3 million, depreciation and amortization of RMB405.4 million and share-based compensation of RMB174.2 million, as well as changes in working capital items including the decrease in prepayments and other receivables, net of RMB250.9 million, the decrease in amount due from related parties, net of RMB291.0 million, the decrease in funds receivable from third party payment service providers of RMB88.8 million, the increase in accrued expenses and other current liabilities of RMB177.9 million, partially offset by the decrease in deferred tax liabilities of RMB111.8 million and the decrease in amount due to related parties of RMB72.7 million. Prepayments and other

receivables mainly relate to customer deposits. The net cash inflow was mainly due to the increasing transaction volume on our platform and more effective cost control method taken by us in 2022.

### ***Investing activities***

Cash used in investing activities in 2024 was RMB424.4 million (US\$58.1 million), consisting primarily of purchases of short-term investments of RMB421.6 million (US\$57.8 million), loans to related parties of RMB184.0 million (US\$25.2 million), long-term investments of RMB150.2 million (US\$20.6 million) and purchase of property, plant and equipment of RMB59.9 million (US\$8.2 million), partially offset by proceeds from maturity of short-term investments of RMB210.0 million (US\$28.8 million) and collection of loan repayments from related parties of RMB190.0 million (US\$26.0 million).

Cash provided by investing activities in 2023 was RMB172.0 million, consisting primarily of proceeds from maturity of short-term investments of RMB792.2 million and collection of deposit on loans from third parties of RMB124.2 million, partially offset by purchases of short-term and long-term investments of RMB542.7 million, Loan to third parties of RMB131.7 million and purchase of property and equipment of RMB85.2 million.

Cash used in investing activities in 2022 was RMB516.7 million, consisting primarily of purchases of short-term investments of RMB666.3 million and long-term investments of RMB31.8 million, prepayment for long-term investment of RMB180.0 million and purchase of property and equipment of RMB 61.5 million, partially offset by proceeds from maturity of short-term investments of RMB194.5 million and proceeds from short-term bank deposits of RMB200.0 million.

### ***Financing activities***

Cash used in financing activities in 2024 was RM307.7 million (US\$42.2 million), consisting primarily of repayment of short-term borrowings of RMB969.6 million (US\$132.8 million) and repurchase of ordinary shares of RMB184.3 million (US\$25.2 million), partially offset by proceeds from short-term borrowings of RMB844.6 million (US\$115.7 million).

Cash provided by financing activities in 2023 was RMB68.7 million, consisting primarily of proceeds from short-term borrowings of RMB623.9 million, partially offset by repayment of short-term borrowings of RMB398.0 million and repurchase of ordinary shares of RMB160.1 million.

Cash used in financing activities in 2022 was RMB186.0 million, consisting primarily of repayment of short-term borrowings of RMB157.0 million and repurchase of ordinary shares of RMB217.9 million, partially offset by proceeds from short-term borrowings of RMB186.0 million.

### **Material Cash Requirements**

Our material cash requirements as of December 31, 2024 and any subsequent interim period primarily include capital expenditures, purchase of inventories, contractual obligations, payment of employee's payroll and welfare expenses, and various fulfillment, selling, general and administrative expenses to support our daily business operations. We intend to fund those requirements with our existing cash and cash equivalents, restricted cash, debt financing and short-term investments.

Our capital expenditures consist primarily of purchase of property and equipment. Our capital expenditures were RMB61.5 million, RMB85.2 million and RMB59.9 million (US\$8.2 million) in 2022, 2023 and 2024, respectively. We intend to fund our future capital expenditures with our existing cash balance and debt financing. We will continue to make well-planned capital expenditures to meet the expected growth of our business.

Our purchase of inventories primarily includes pre-owned consumer electronics and brand-new electronic devices. Our inventories purchase amount were RMB7,551.6 million, RMB10,965.4 million and RMB14,291.7 million (US\$1,958.0 million) in 2022, 2023 and 2024, respectively. Our purchase of inventories will continue to increase due to the growth in our transaction volume.

Our contractual obligations as of December 31, 2024 mainly include short term borrowings and lease commitments, which consist of the commitments under the lease agreements for our office premises and other facilities. The following table sets forth details of our contractual obligations:

	For the Years Ended December 31,					
	Total	2025	2026 (RMB in thousands)	2027	2028	2029 and after
Operating lease commitments	180,622	94,282	35,526	14,707	5,724	30,383
Other commitments <sup>(1)</sup>	849	815	34	—	—	—
Short-term borrowings	225,000	225,000	—	—	—	—

(1) Other commitments result from those lease contracts that are not qualified for operating leases under ASC Topic 842.

Our payment of employee's payroll and welfare expenses include payment of employees' salaries and payment of various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. Our payment of employee's payroll and welfare expenses were RMB1,020.9 million in 2022, RMB1,003.1 million in 2023 and RMB1,187.5 million (US\$162.7 million) in 2024.

For details of other various fulfillment, selling, general and administrative expenses, see "—Results of Operations—Fulfillment expenses," "—Results of Operations—Selling and marketing expenses" and "—Results of Operations—General and Administrative Expenses."

Except for those disclosed above, we did not have any significant capital or other commitments, long-term obligations, or guarantees as of December 31, 2024.

### Holding Company Structure

ATRenew Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our mainland China subsidiaries. As a result, ATRenew Inc.'s ability to pay dividends depends upon dividends paid by our mainland China subsidiaries.

If our existing mainland China subsidiaries or any newly formed mainland China subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our mainland China subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under mainland China law, each of our mainland China subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition to that, our mainland China subsidiaries may allocate a portion of their after-tax profits determined in accordance with applicable PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at their discretion, and the mainland China subsidiaries may allocate a portion of their after-tax profits determined in accordance with applicable PRC accounting standards to a discretionary surplus fund at their discretion. The statutory reserve funds and such discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of mainland China is subject to examination by the banks designated by SAFE. As of December 31, 2024, our mainland China subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

### Off-Balance Sheet Arrangements

We do not have any commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our consolidated financial statements. We

do not have any guarantees, retained or contingent interest in assets transferred to an unconsolidated entity, contractual arrangements that support the credit, liquidity or market risk for transferred assets; obligations that arise or could arise from variable interests held in an unconsolidated entity.

### C. **Research and Development**

See “Item 4. Information on the Company—B. Business Overview—Technology Infrastructure” and “Item 4. Information on the Company—B. Business Overview—Intellectual Property.”

### D. **Trend Information**

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period since January 1, 2025 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

## Item 6 Directors, Senior Management and Employees

### A. **Directors and Senior Management**

The following table sets forth information regarding our executive officers and directors.

<b>Directors and Executive Officers</b>	<b>Age</b>	<b>Position/Title</b>
Kerry Xuefeng Chen	45	Founder, Chairman of the Board of Directors and Chief Executive Officer
Yongliang Wang	41	Director and Executive President
Mervin Ye Zhou	43	Director
Shuangxi Wu	38	Director
Chen Chen	44	Director and Chief Financial Officer
Jingbo Wang	43	Independent Director
Guoxing Jiang	71	Independent Director
Rui Zhu	50	Independent Director

*Mr. Kerry Xuefeng Chen* is our founder and has been serving as our chairman and chief executive officer since our inception. Prior to founding our company, Mr. Chen served as a product manager at SYKES China, a world leading provider of multichannel demand generation and customer engagement services for global brands, from July 2006 to June 2010. Mr. Chen received his bachelor’s degree from Tongji University in July 2002 and master’s degree from Fudan University in June 2006.

*Mr. Yongliang Wang* is an executive president of our company and has been serving as our director since June 2019. Prior to joining us, Mr. Wang was the senior director of Paipai business at JD Group since July 2008. Prior to that, Mr. Wang was a sales manager at Tianjin Samsung Opto-Electronics Co., Ltd. from January 2007 to February 2008 and the supervisor of the procurement center of Gome Electrical Appliances from July 2005 to January 2007. Mr. Wang received his bachelor’s degree from University of International Business and Economics in July 2005.

*Mr. Mervin Ye Zhou* has been serving as our director since April 26, 2024. Mr. Mervin Ye Zhou is a vice president of JD.com (NASDAQ: JD and HKEX: 9618 (HKD counter) and 89618 (RMB counter)) and head of Strategic Investment, responsible for overseeing various investment activities, mergers and acquisitions, and portfolio management for JD.com and its subsidiaries. Mr. Zhou is also on the board of Yonghui Superstore Co., Limited and Chengdu Xinchao Culture Media Co., Ltd. Prior to joining JD.com in January 2022, Mr. Zhou was a partner and spent over 10 years at SoftBank China Venture Capital (SBCVC). Prior to that, Mr. Zhou worked at McKinsey & Company, a global management consulting firm, from March 2009 to June 2011, where his last position was Engagement Manager. Mr. Zhou received his bachelor’s degree in electronic engineering from Tsinghua University, and his Ph.D. in electrical engineering and computer sciences from UC Berkeley.

*Ms. Shuangxi Wu* has been serving as our director since February 2023. Ms. Shuangxi Wu is a vice president of JD.com (NASDAQ: JD and HKEX: 9618 (HKD counter) and 89618 (RMB counter)) and the president of JD Electronics Business Group. Since joining JD.com in July 2011, Ms. Wu has successively served various leading roles at JD.com, including the head of Office Supplies and Computer Department, the head of Operating Strategy and Procurement and Sales Operation of JD New Markets, the head of Liquor Department, the head of Refrigerator and Washing Machine Department, and the president of Computer and Electronics Business Unit. Ms. Wu is also on the board of JD Xingyu Esports (Beijing) Cultural Communication Co., Ltd. Ms. Wu graduated from Beijing Normal University with a master's degree in law.

*Mr. Chen Chen* has been serving as our chief financial officer since January 2021 and our director since May 2021. Prior to joining us, Mr. Chen was the chief financial officer of Yunji Inc. (NASDAQ: YJ) from May 2018 to December 2020. Before joining Yunji Inc., Mr. Chen was a partner at Deloitte and served various positions at Deloitte since July 2002. Mr. Chen currently also serves as an independent director of Yunji Inc., an independent non-executive director and the chairman of the audit committee of Zhou Hei Ya International Holdings Company Limited (HKEX: 1458) and an independent non-executive director and the chairman of the audit committee of Marketingforce Management Ltd (HKEX: 2556). Mr. Chen is a member of China Institute of Certified Public Accountants (CICPA). Mr. Chen received his bachelor's degree from Shanghai Jiaotong University.

*Mr. Jingbo Wang* has been serving as our independent director since June 2021. Mr. Wang has been the chief financial officer of Agora, Inc. (Nasdaq: API), a global cloud service company since January 2020. Mr. Wang has also served as an independent non-executive director of Edianyun Limited (HKEX: 2416), a company listed on the Hong Kong Stock Exchange since May 2023, and an independent non-executive director of TUHU Car, Inc. (HKEX: 9690), a company listed on the Hong Kong Stock Exchange since September 2023. Mr. Wang previously served as a director and the chief financial officer of Qutoutiao Inc. (NASDAQ: QTT), an operator of mobile content platform previously listed on the Nasdaq Stock Market from February 2018 to January 2020, and as the chief financial officer of Yintech Investment Holdings Limited (NASDAQ: YIN), a provider of investment and trading services previously listed on the Nasdaq Stock Market, from October 2014 to February 2018. Prior to that, Mr. Wang worked at Deutsche Bank from 2009 to 2014 with last position held being a vice president in the corporate finance division. Mr. Wang received his bachelor's degree in engineering from Tsinghua University in 2003, his master's degree in computer science from the University of Hong Kong in 2005, and his PhD degree in management studies from the Said Business School of the University of Oxford in 2010.

*Mr. Guoxing Jiang* has been serving as our independent director since June 2021. Mr. Jiang currently is the chairman of the board of directors of Shanghai Fudan Microelectronic Group Limited Company (SHEX: 688385 and HKEX: 1385). From November 2007 to November 2017, Mr. Jiang served as the chairman of the board and general manager of Shanghai Fudan Forward Technology Limited Company. From February 1995 to November 2007, Mr. Jiang held several positions in Fudan University and affiliated enterprises, including the vice director of School-Operating Industry Management Committee in Fudan University and chairman of the board of Shanghai Fudan Microelectronic Group Limited Company. Mr. Jiang received his bachelor's degree in mathematics and computer science from Fudan University in 1977.

*Ms. Rui Zhu* has been serving as our independent director since May 2022. Ms. Rui Zhu is a professor of marketing and the director of Social Innovation Center at Cheung Kong Graduate School of Business, or CKGSB. She has conducted extensive researches on a number of topics, including consumer behavior, social innovation, and branding. Prior to joining CKGSB, she was an associate professor of marketing and Canada Research Chair in consumer behavior at the University of British Columbia. Mr. Zhu also serves on the board of Jiumaojiu International Holdings Limited (HKEX: 9922) and Yankuang Energy Group Company Limited (HKEX: 1171). Ms. Zhu received her Ph.D. in marketing from the University of Minnesota.

## **B. Compensation**

### **Compensation of Directors and Executive Officers**

In 2024, we paid an aggregate of RMB5.1 million (US\$0.7 million) in cash to our executive officers, and we did not pay any compensation to our non-executive directors. We have not set aside or accrued any amount to provide

pension, retirement or other similar benefits to our directors and executive officers. Our mainland China subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, maternity insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

### **Employment Agreements and Indemnification Agreements**

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, for certain acts of the executive officer, such as continued failure to satisfactorily perform, willful misconduct or gross negligence in the performance of agreed duties, conviction or entry of a guilty or nolo contendere plea of any felony or any misdemeanor involving moral turpitude, or dishonest act that results in material to our detriment or material of the employment agreement. We may also terminate an executive officer's employment without cause upon 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may resign at any time with a 60-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) solicit from any customer doing business with us during the effective term of the employment agreement business of the same or of a similar nature to our business; (ii) solicit from any of our known potential customer business of the same or of a similar nature to that which has been the subject of our known written or oral bid, offer or proposal, or of substantial preparation with a view to making such a bid, proposal or offer; (iii) solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts, including, with respect to any relationship or agreement between any vendor or supplier and us.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

### **Share Incentive Plans**

#### ***2016 Plan***

In March 2016, our shareholders and board of directors adopted the Amended and Restated Share Incentive Plan, which together with five subsequent amendments are referred to as the 2016 Plan in this annual report, to grant share-based compensation awards to attract, motivate, retain and reward certain directors, officers, employees and other eligible persons and to further link the interests of award recipients with those of our shareholders. The maximum aggregate number of ordinary shares that may be issued under the 2016 Plan is 21,920,964 ordinary shares. As of February 28, 2025, we had granted options to purchase a total of 31,091,661 ordinary shares under the 2016 Plan, among which options to purchase a total of 9,459,508 ordinary shares were outstanding.

The following paragraphs summarize the principal terms of the 2016 Plan.

*Type of Awards.* The 2016 Plan permits the awards of options, restricted share awards or unrestricted share awards.

*Plan Administration.* The 2016 Plan is administered by the board of directors of the Company or the compensation committee of the board. The plan administrator is authorized and empowered to do all things it deems necessary or desirable in connection with the authorization of awards and the administration of the 2016 Plan, including determining the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award.

*Award Agreement.* Awards granted under the 2016 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, restrictions on transfer of the award, and the provisions applicable in the event that the grantee's employment or service terminates.

*Eligibility.* We may grant awards to our employees, officers, directors, consultants or advisors. The awards granted under the 2016 Plan will be classified into three categories: (i) the awards granted to the officers, employees or directors who rendered the most outstanding work performance, (ii) the awards granted to the Company or its affiliates' management level officers or employees other than the persons eligible for awards under (i), and (iii) the awards granted to the officers or employees of the Company or its affiliates who are below the management level.

*Vesting Schedule.* For options, subject to termination of employment arrangement, the 2016 Plan provides that on each of the four anniversaries immediately after the grant date, 25% of the total number of ordinary shares subject to the options granted shall be vested. Notwithstanding the foregoing, the plan administrator may, however, in its discretion, designate certain options granted to the officers, employees or directors who rendered the most outstanding work performance as accelerated options. By express provisions in the applicable award agreement, accelerated options may be exercised prior to the date such options become vested. For restricted share awards, subject to termination of employment arrangement, the restrictions attached to the restricted shares granted will lapse with respect to 20% of the total number of restricted shares on each of the five anniversaries immediately after the grant date. Subject to early repurchase provisions, shares awarded shall either become vested or be repurchased by the Company not more than 10 years after the award date.

*Exercise of Options.* The plan administrator determines the exercise price for each award, which is stated in the award agreement. Each option shall expire not more than ten years after the award date. Unless otherwise expressly provided by the plan administrator, and subject to applicable laws and regulations, vested options shall become exercisable upon the earlier of (i) the date on which the Company's shares are first registered under the Exchange Act and listed on a recognized national securities exchange, and (ii) the occurrence of a change in control event set forth under the 2016 Plan. The shares acquired upon exercise of options shall be designated as restricted shares and shall be subject to all the terms, provisions and restriction as imposed upon in the 2016 Plan and the restricted shares award agreement to be further entered into between the Company and the participant.

*Transfer Restrictions.* Awards shall be exercised by the eligible participants only and shall not be transferable in any manner by the eligible participant other than in accordance with the limited exceptions provided in the 2016 Plan, such as (i) transfers to the Company, (ii) upon approval by the plan administrator, transfers to the immediate family members of the participant by gift, (iii) the designation of a beneficiary to receive benefits if the participant dies or, if the participant has died, transfers to or exercises by the participant's beneficiary, or in absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution, or (vi) permitted transfers or exercises on behalf of the participant by the participant's duly authorized legal representative if the participant has suffered a disability.

*Termination and Amendment of the 2016 Plan.* Unless terminated earlier, the 2016 Plan has a term of ten years from its date of effectiveness. Our board of directors has the authority to amend or terminate the 2016 Plan. However, no such action may adversely affect in any material way any awards previously granted without the written consent of the participant.

## **2021 Plan**

In 2021, we adopted the 2021 share incentive plan, which was amended and restated in March 2023, or the 2021 Plan, to promote the success and enhance the value of our company by linking the personal interests of the directors, employees, and consultants to those of our shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to our shareholders. The maximum aggregate number of ordinary shares that may be issued under 2021 Plan is 12,150,080. As of February 28, 2025, 6,516,258 restricted share units had been granted among which 40,000 were outstanding under the 2021 Plan and options to purchase 5,958,603 ordinary shares had been granted, among which options to purchase a total of 2,727,021 ordinary shares were outstanding.

The following paragraphs summarize the principal terms of the 2021 Plan.

*Type of Awards.* The 2021 Plan permits the awards of options, restricted share units, restricted shares or other types of award approved by a committee that administers the plan.

*Plan Administration.* Our board of directors or a committee appointed by the board of directors will administer the 2021 Plan. The plan administrator will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant.

*Award Agreement.* Awards granted under the 2021 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

*Eligibility.* We may grant awards to our directors, employees and consultants.

*Vesting Schedule.* In general, the plan administrator determines the vesting schedule, which is specified in the award agreement.

*Exercise of Options.* The plan administrator determines the exercise price for each award, which is stated in the award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of effectiveness of the 2021 Plan.

*Transfer Restrictions.* Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2021 Plan or the award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

*Termination and Amendment of the 2021 Plan.* Unless terminated earlier, the 2021 Plan has a term of ten years from the date of effectiveness of the plan. Our board of directors has the authority to terminate, amend, suspend or modify the plan in accordance with our articles of association. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the 2021 Plan.

The following table summarizes, as of February 28, 2025, the number of ordinary shares under outstanding options that we granted to our directors and executive officers.

Name	Ordinary shares underlying options or restricted share units <sup>(1)</sup>	Exercise price (US\$/share)	Date of grant	Date of expiration
Kerry Xuefeng Chen	*	0.1	7/31/2015	†
	*	0.1	1/1/2017	†
	*	0.1	7/1/2018	†
	*	0.1	1/1/2019	†
	*	0.1	1/1/2019	†
	*	0.1	9/1/2016	†
	*	0.1	10/4/2016	†
	*	0.1	7/31/2019	†
	*	0.1	1/1/2021	†
	1,725,746	0.1	1/1/2021	†
	*	0.1	1/1/2022	†
	*	0.1	1/1/2023	†
	*	0.1	4/1/2023	†
	2,964,091 <sup>(1)</sup>	—	4/13/2021	†
	Yongliang Wang	*	0.1	6/3/2019
*		0.1	6/3/2019	†
*		0.1	6/3/2019	†
*		0.1	3/1/2020	†
*		0.1	6/3/2019	†
*		0.1	7/1/2020	†
*		0.1	1/1/2021	†
*		0.1	1/1/2021	†
*		0.1	6/3/2022	†
*		0.1	1/1/2022	†
*		0.1	1/1/2023	†
*		0.1	4/1/2023	†
*		0.1	6/3/2023	†
*		0.1	6/3/2023	†
*		0.1	6/3/2023	†
*	0.1	4/1/2024	†	
Chen Chen	*	0.1	12/15/2020	†
	*	0.1	12/15/2020	†
	*	0.1	1/1/2021	†
	*	0.1	7/1/2021	†
	*	0.1	1/1/2022	†
	*	0.1	3/13/2023	†
Jingbo Wang	*	0.1	1/1/2023	†
	*	0.1	4/1/2024	†
	*	0.1	6/18/2021	†
Rui Zhu	*	0.1	6/18/2022	†
	*	0.1	6/18/2024	†
	*	0.1	5/18/2022	†
<b>All directors and executive officers as a group</b>	<b>8,021,274</b>			

\* Less than 1% of our total ordinary shares on an as-converted basis outstanding as of February 28, 2025.

† The expiration date is ten years from the date of grant.

(1) In April 2021, we granted 2,964,091 restricted share units to Mr. Kerry Xuefeng Chen, vesting immediately upon grant.

As of February 28, 2025, our employees other than directors and executive officers as a group held options to purchase 25,632,128 ordinary shares, with exercise prices ranging from US\$0.03 per share to US\$0.1 per share.

### C. **Board Practices**

#### **Board of Directors**

Our board of directors consists of eight directors. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his interest at a meeting of our directors. Subject to the New York Stock Exchange rules and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein, and if he does so his vote shall be counted and he shall be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered. Our directors may exercise all the powers of our company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

#### **Committees of the Board of Directors**

We have established three committees under the board of directors: an audit committee, a compensation committee, and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

***Audit Committee.*** Our audit committee consists of Mr. Jingbo Wang, Mr. Guoxing Jiang and Ms. Rui Zhu. Mr. Jingbo Wang is the chairman of our audit committee. We have determined that Mr. Jingbo Wang, Ms. Rui Zhu and Mr. Guoxing Jiang satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange Rules and Rule 10A-3 under the Exchange Act. We have determined that Mr. Jingbo Wang qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

***Compensation Committee.*** Our compensation committee consists of Mr. Jingbo Wang, Mr. Guoxing Jiang and Mr. Mervin Ye Zhou. Mr. Jingbo Wang is the chairman of our compensation committee. We have determined that Mr. Jingbo Wang and Mr. Guoxing Jiang satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors

and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

***Nominating and Corporate Governance Committee.*** Our nominating and corporate governance committee consists of Mr. Jingbo Wang, Mr. Guoxing Jiang and Mr. Mervin Ye Zhou. Mr. Jingbo Wang is the chairman of our nominating and corporate governance committee. Mr. Jingbo Wang and Mr. Guoxing Jiang satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange Rules. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

## **Duties of Directors**

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth Courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;

- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

#### Terms of Directors and Officers

Our directors may be elected by an ordinary resolution of our shareholders (except with regard to the renewal of the chairman, who may be removed from office by special resolution of our shareholders). Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Our directors are not automatically subject to a term of office and hold office until such time as they are removed from office by an ordinary resolution of our shareholders. In addition, a director will cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

#### D. Employees

As of December 31, 2022, 2023 and 2024, we had a total of 2,025, 2,055 and 2,067 full-time employees, the vast majority of which are located in mainland China. The following table sets forth the number of our full-time employees as of December 31, 2024, by function:

Function	Number of Employees	Percentage
Operation and Fulfillment	1,263	60.3%
Research and Development	395	18.8%
Sales and Marketing	251	12.0%
General Administration and Support	143	6.8%
Customer Service	44	2.1%
Total	2,096	100%

In addition to our own employees, our workforce also includes 5,681 outsourced workers and 42 part-time personnel as of December 31, 2024. We enter into contracts with our labor outsourcing partners and part-time personnel as required by applicable laws and regulations.

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and creativity. As a result, we have generally been able to attract and retain high-quality and qualified personnel. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes in the past.

As required by regulations in mainland China, we participate in various employee social security plans that are organized by municipal and provincial governments for our mainland China-based employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under mainland China law to make contributions from time to time to employee benefit plans for our mainland China-based employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in mainland China.

We enter into standard employment agreements with our employees. Our employment agreements with our senior management include standard confidentiality and non-compete clauses.

#### E. **Share Ownership**

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares on an as-converted basis as of February 28, 2025 by:

- each of our directors and executive officers; and
- each of our principal shareholders who beneficially own more than 5% of our total issued and outstanding shares.

The calculations in the table below are based on a total of 146,551,552 ordinary shares issued and outstanding as of February 28, 2025, consisting of (i) 88,024,113 Class A ordinary shares (excluding 2,323,277 Class A ordinary shares issued to our depository bank for the purpose of bulk issuance, 12,419,656 Class A ordinary shares underlying ADSs repurchased by the Company and 4,020,246 treasury shares), (ii) 47,240,103 Class B ordinary shares, and (iii) 11,287,336 Class C ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned					
	Class A ordinary shares	Class B ordinary shares	Class C ordinary shares	Total number of ordinary shares	% of total number of ordinary shares	% of aggregate voting power†
<b>Directors and Officers**:</b>						
Kerry Xuefeng Chen(1)	5,991,587	—	11,287,336	17,278,923	11.3	43.3
Yongliang Wang	*	—	—	*	*	*
Mervin Ye Zhou	—	—	—	—	—	—
Shuangxi Wu	—	—	—	—	—	—
Chen Chen	*	—	—	*	*	*
Jingbo Wang	*	—	—	*	*	*
Guoxing Jiang	—	—	—	—	—	—
Rui Zhu	*	—	—	*	*	*
<b>All directors and officers as a group</b>	<b>7,861,952</b>	<b>—</b>	<b>11,287,336</b>	<b>19,149,288</b>	<b>12.4</b>	<b>43.5</b>
<b>Principal Shareholders:</b>						
C&XF Group Limited(2)	—	—	11,287,336	11,287,336	7.7	42.4
JD Entities(3)	2,615,956	47,240,103	—	49,856,059	34.0	36.2
Tiger entities(4)	7,654,145	—	—	7,654,145	5.2	1.9

**Notes:**

\* Less than 1% of our total ordinary shares outstanding as of February 28, 2025.

\*\* Except as indicated otherwise, the business address of our directors and executive officers is 12th Floor, No. 6 Building, 433 Songhu Road, Shanghai, the People's Republic of China. The business address of Mr. Mervin Ye Zhou is JD.com Headquarters, Building 1, Block C, Kechuang 11 Street, BDA, Beijing, China. The business address of Ms. Shuangxi Wu is JD.com Headquarters, Building 1, Block C, Kechuang 11 Street, BDA, Beijing, China. The business address of Ms. Rui Zhu is Hongqiao Vanke Center T5 Building, 1-2F 988 Lane, Shenchang Road, Minhang District, Shanghai 201107, China. The business address of Mr. Jingbo Wang is 9# 1202, No. 1500 Changyi Road, Pudong, Shanghai, China. The business address of Mr. Guoxing Jiang is Room 1401, Building No.2, Lane 355, Beijing Road West, Huangpu District, Shanghai, China.

† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A, Class B and Class C ordinary shares as a single class. Each holder of Class A ordinary shares is entitled to one vote per share, each holder of Class B ordinary shares is entitled to three votes per share and each holder of Class C ordinary shares is entitled to fifteen votes per share on all matters submitted to them for a vote. Our Class A ordinary shares, Class B ordinary shares and Class C ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law.

- (1) Represents (i) 11,287,336 Class C ordinary shares held by C&XF Group Limited, a limited liability company incorporated under the laws of the British Virgin Islands, and (ii) 5,991,987 Class A ordinary shares Mr. Kerry Xuefeng Chen has the right to acquire within 60 days after February 28, 2025. Mr. Kerry Xuefeng Chen is the sole shareholder and the sole director of C&XF Group Limited. The registered address of C&XF Group Limited is situated at offices of Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building Road Town, Tortola, British Virgin Islands.
- (2) Represents 11,287,336 Class C ordinary shares held by C&XF Group Limited, a limited liability company incorporated under the laws of the British Virgin Islands. Mr. Kerry Xuefeng Chen is the sole shareholder and the sole director of C&XF Group Limited. The registered address of C&XF Group Limited is situated at offices of Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building Road Town, Tortola, British Virgin Islands.
- (3) Represents (i) 47,240,103 Class B ordinary shares held by JD.com Development Limited, a limited liability company incorporated under the laws of the British Virgin Islands, (ii) 282,623 Class A ordinary shares held by Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership), a limited partnership incorporated under the laws of mainland China, and (iii) 2,333,333 Class A ordinary shares represented by 3,500,000 ADSs held by Windcreek Limited, a limited liability company incorporated under the laws of the British Virgin Islands. JD.com Development Limited is wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com, Inc. (Nasdaq: JD, HKSE: 9618). The registered address of JD.com Development Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The general partner of Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) is Tianjin Huihe Haihe Investment Management Partnership (Limited Partnership). The general partner of Tianjin Huihe Haihe Investment Management Partnership (Limited Partnership) is Tianjin Huihe Capital Management Co., Ltd. Tianjin Huihe Capital Management Co., Ltd. is a wholly-owned subsidiary of Xi'an Jingdong Xincheng Information Technology Co., Ltd., which is a consolidated variable interest entity of JD.com, Inc. The registered address of Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) is Room 212, No. 1, The Second Avenue, Airport International Logistics Zone, Tian Jing Pilot Free Trade Zone (Airport Economic Zone), Tianjin, China. Windcreek Limited, a limited liability company incorporate under the laws of the British Virgin Islands, is a wholly-owned subsidiary of JD.com Investment Limited, which in turn is wholly-owned by JD.com, Inc. The registered address of Windcreek Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (4) Information regarding beneficial ownership is reported as of February 14, 2024, based on the information contained in the Schedule 13G amendment filed by Tiger Global Private Investment Partners X, L.P., Tiger Global PIP Performance X, L.P., Tiger Global PIP Management X, Ltd., Tiger Global Management, LLC, Charles P. Coleman III and Scott Shleifer on February 14, 2024.

As of February 28, 2025, a total of 165,314,831 ordinary shares were held by record holders in the United States (including an aggregate of 87,249,996 ordinary shares held by Citibank, N.A., the depository of our ADS program). The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

**F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation**

Not applicable.

**Item 7 Major Shareholders and Related Party Transactions**

**A. Major Shareholders**

Please refer to “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

**B. Related Party Transactions**

**Contractual Arrangements with the Consolidated Affiliated Entities and Their Shareholders**

See “Item 4. Information on the Company—C. Organizational Structure.”

**Employment Agreements and Indemnification Agreements**

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

**Share Incentive Plans**

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

## Other Related Party Transactions

For the year ended December 31, 2022, we had the following transactions with related parties:

- We purchased new consumer electronics from JD Group for a total consideration of RMB10.8 million.
- We purchased service related to traffic acquisition and sourcing of inventory that benefits our entire platform, including AHS Recycle, PJT Marketplace and Paipai Marketplace, and R&D services from JD Group for a total consideration of RMB363.8 million.
- We extended a loan of RMB13.0 million to Gulin and also received the repayment of RMB13.0 million during the year.
- We purchased new consumer electronics from Gulin for a total consideration of RMB242.9 million.

For the year ended December 31, 2023, we had the following transactions with related parties:

- We purchased service related to traffic acquisition and sourcing of inventory that benefits our entire platform, including AHS Recycle, PJT Marketplace and Paipai Marketplace, and R&D services from JD Group for a total consideration of RMB438.4 million.
- We extended a loan of RMB25.0 million to Gulin and also received the repayment of RMB25.0 million during the year.
- We purchased new consumer electronics from Gulin for a total consideration of RMB49.1 million.
- We extended a loan of RMB70.0 million to AiFenLei Group and also received the repayment of RMB70.0 million during the year.
- We provided platform and recycle services to Jinsong for a total consideration of RMB20.1 million during the year.

For the year ended December 31, 2024, we had the following transactions with related parties:

- We purchased service related to traffic acquisition and sourcing of inventory and R&D services from JD Group for a total consideration of RMB566.5 million.
- We purchased repairing services from Quanfu for a total consideration of RMB1.6 million and provide traffic guiding services to Quanfu for a commission services revenue of RMB2.5 million.
- We provided platform and recycle services to Jinsong for a total consideration of RMB62.0 million in 2024.
- We extended a loan of RMB171.7 million to AiFenLei Group and received a repayment of RMB180.0 million in 2024.
- We extended a loan of RMB10.0 million to Gulin and received a repayment of RMB10.0 million in 2024.
- We extended a loan of RMB2.3 million to Yuejun in 2024.
- We purchased a plant of RMB24.5 million from AiFenLei Group to enhance our operation capacity in certain region.

## Shareholders Agreement

We entered into the eighth amended and restated shareholders agreement on April 16, 2021 with our shareholders, which consisted of holders of ordinary shares and preferred shares. The new shareholder of our company after April 16, 2021 entered into a joinder agreement with us and became a party to the shareholders agreement dated April 16, 2021. The eighth amended and restated shareholders agreement provided for certain investors' rights, including information and inspection rights, registration rights, right of participation, right of first refusal, co-sale right, right of drag-along, and contains provisions relating to composition of our board of directors, certain corporate governance matters and shareholder approvals. Most of these special rights automatically terminated upon the

completion of our initial public offering. Below is a summary of certain shareholders' special rights that survived the completion of our initial public offering.

### **Registration Rights**

We have granted certain registration rights to shareholders who held preferred shares prior to their conversion into ordinary shares upon our initial public offering. Set forth below is a description of the registration rights granted under our currently effective shareholders agreement.

*Demand Registration Rights.* Holders of at least 30% of the outstanding registrable securities at any given time have the right to demand that we file a registration statement of all registrable securities that the holders request to be registered and included in such registration by written notice. Holders of registrable securities may request the registrable securities be distributed by means of an underwriting. We are not obligated to effect more than three such demand registrations. We have the right to defer such filing of registration statement for a period of not more than ninety (90) days after receipt of a demand registration request if, in the good faith judgment of the board of directors of our company, it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. However, we cannot exercise the deferral right more than once in any twelve-month period and we cannot register any other shares of our company during such twelve-month period.

*Piggyback Registration Rights.* If we propose to file a registration statement for a public offering of our shares, we shall give all holders of registrable securities a written notice of such registration and shall afford each holder of registrable securities an opportunity to include in such registration all or any part of the registrable securities held by such holder. Holders of registrable securities may make this piggyback registration request for unlimited number of times.

*Form F-3 Registration Rights.* Holders of at least a majority of all registrable securities may request us in writing to file effect a registration on Form F-3 for an unlimited number of times. We shall effect the registration of the securities on Form F-3 as soon as practicable, except in certain circumstances.

*Expenses of Registration.* We will bear all registration expenses, other than underwriting discounts and selling commissions.

*Termination of Registration Rights.* Our shareholders' registration rights will terminate (i) after June 22, 2026, being five years from the completion of our initial public offering, or (ii) with respect to any shareholder, when all such registrable securities proposed to be sold by a shareholder may then be sold without registration in any 90-day period pursuant to Rule 144 promulgated under the Securities Act.

### **Our policy undertakings to IFC**

We undertake to provide one of our shareholders, International Finance Corporation, or IFC, with annual monitoring report confirming our compliance with specific social and environmental measures undertaken by us and our compliance with IFC's performance standards on social & environmental sustainability, and notify IFC of certain incidents or circumstances that have or could reasonably be expected to have an adverse effect on IFC's investment in us and our business operations in accordance with IFC's performance standards on social and environmental sustainability. In addition, we also provide IFC with certain information and inspection rights, and covenant to conduct our business in a compliant manner.

### **C. Interests of Experts and Counsel**

Not applicable.

## **Item 8. Financial Information**

### **A. Consolidated Statements and Other Financial Information**

We have appended consolidated financial statements filed as part of this annual report.

## **Legal Proceedings**

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

## **Dividend Policy**

Our board of directors has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. Mainland China regulations may restrict the ability of our mainland China subsidiaries to pay dividends to us. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution."

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

## **B. Significant Changes**

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

## **Item 9. The Offer and Listing**

### **A. Offering and Listing Details**

Our ADSs have been listed on the New York Stock Exchange since June 18, 2021. Our ADSs trade under the symbol "RERE." Every three ADSs represent two of our Class A ordinary shares.

### **B. Plan of Distribution**

Not applicable.

### **C. Markets**

Our ADSs have been listed on the New York Stock Exchange since June 18, 2021 under the symbol "RERE."

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

The following are summaries of material provisions of our currently effective memorandum and articles of association and of the Companies Act, insofar as they relate to the material terms of our ordinary shares.

***Objects of Our Company.*** Under our memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

***Ordinary Shares.*** Our ordinary shares are divided into Class A ordinary shares, Class B ordinary shares and Class C ordinary shares. Holders of our Class A ordinary shares, Class B ordinary shares and Class C ordinary shares will have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

***Conversion.*** Each Class B ordinary share or Class C ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof, whereas Class A ordinary shares are not convertible into Class B ordinary shares or Class C ordinary shares under any circumstances. Class B ordinary shares are not convertible into Class C ordinary shares, and vice versa. Upon (a) any direct or indirect sale, transfer, assignment or disposition of Class B ordinary shares by the holder thereof or the direct or indirect transfer or assignment of the voting power attached to such Class B ordinary shares through voting proxy or otherwise to any person that is not ultimately controlled by JD.com, Inc.; or (b) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and outstanding voting securities of, or the direct or indirect transfer or assignment of the voting power attached to such voting securities through voting proxy or otherwise, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B ordinary shares that is an entity to any person that is not ultimately controlled by JD.com, Inc., such Class B ordinary shares are automatically and immediately converted into an equal number of Class A ordinary shares.

Upon (i) any direct or indirect sale, transfer, assignment or disposition of such number of Class C ordinary shares by the holder thereof or the direct or indirect transfer or assignment of the voting power attached to such number of Class C ordinary shares through voting proxy or otherwise to any person that is not an affiliate of such holder; (ii) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and outstanding voting securities of, or the direct or indirect transfer or assignment of the voting power attached to such voting securities through voting proxy or otherwise, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class C ordinary shares that is an entity to any person that is not an affiliate of such holder; (iii) Mr. Kerry Xuefeng Chen, or the founder, being neither a director nor the chief executive officer of our company; (iv) the founder ceases to be the ultimate beneficial owner of any outstanding Class C ordinary shares; (v) the founder ceases to be the ultimate beneficial owner of C&XF Group Limited or any other entity that holds Class

C ordinary shares; or (vi) the founder being permanently unable to attend board meetings and manage the business affairs of our company as a result of incapacity solely due to his then physical and /or mental condition (which, for the avoidance of doubt, does not include any confinement against his will), such Class C ordinary shares are automatically and immediately converted into an equal number of Class A ordinary shares.

**Dividends.** Our directors may from time to time declare dividends (including interim dividends) and other distributions on our shares in issue and authorize payment of the same out of the funds of our company lawfully available therefor. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend shall exceed the amount recommended by our directors. Our memorandum and articles of association provide that dividends may be declared and paid out of the funds of our Company lawfully available therefor. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account; provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

**Voting Rights.** In respect of all matters subject to a shareholders' vote, each holder of Class A ordinary shares is entitled to one vote per share, each holder of Class B ordinary shares is entitled to three votes per share and each holder of Class C ordinary shares is entitled to fifteen votes per share subject to vote at our general meetings. Our Class A ordinary shares, Class B ordinary shares and Class C ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder holding not less than 10% of the votes attaching to the shares present in person or by proxy.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the issued and outstanding ordinary shares cast at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association. Our shareholders may, among other things, divide or combine their shares by ordinary resolution.

**General Meetings of Shareholders.** As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairman of our board of directors or by our directors (acting by a resolution of our board). Advance notice of at least seven days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of, at the time when the meeting proceeds to business, one or more of our shareholders holding shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all of our shares in issue and entitled to vote at such general meeting.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our memorandum and articles of association provide that upon the requisition of any one or more of our shareholders holding shares which carry in aggregate not less than one-third of all votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

**Transfer of Ordinary Shares.** Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the NYSE may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the rules of the NYSE be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

**Liquidation.** On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, such the assets will be distributed so that, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them.

**Calls on Shares and Forfeiture of Shares.** Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

**Redemption, Repurchase and Surrender of Shares.** We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by our shareholders by special resolution. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (i) unless it is fully paid up, (ii) if such redemption or repurchase would result in there being no shares outstanding or (iii) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

**Variations of Rights of Shares.** Whenever the capital of our company is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially and adversely varied with the consent in writing of the holders of at least two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not,

subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially and adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially and adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

**Issuance of Additional Shares.** Our memorandum and articles of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares, without the need for any approval or consent from our shareholders.

Our memorandum and articles of association also authorizes our board of directors, without the need for any approval or consent from our shareholders, to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares, without the need for any approval or consent from, or other action by, our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

**Inspection of Books and Records.** Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than copies of our memorandum and articles of association, our register of mortgages and charges and any special resolutions passed by our shareholders). However, as a company that is subject to the periodic reporting and other informational requirements of the Exchange Act, we file annual reports with the SEC that include annual audited financial statements. See “Item 10. Additional Information—H. Documents on Display.”

**Anti-Takeover Provisions.** Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

**Exempted Company.** We are an exempted company incorporated with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;

- may issue shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

**Exclusive Forum.** Without limiting the jurisdiction of the Cayman courts to hear, settle and/or determine disputes related to our company, the courts of the Cayman Islands shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of our company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of our company to our company or the members, (iii) any action asserting a claim arising pursuant to any provision of the Companies Act or our articles of association including any purchase or acquisition of shares, security, or guarantee provided in consideration thereof, or (iv) any action asserting a claim against our company which if brought in the United States of America would be a claim arising under the internal affairs doctrine (as such concept is recognized under the laws of the United States from time to time).

Unless we consent in writing to the selection of an alternative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, including those arising from the Securities Act and the Exchange Act, regardless of whether such legal suit, action, or proceeding also involves parties other than our company. Any person or entity purchasing or otherwise acquiring any share or other securities in our company, or purchasing or otherwise acquiring American depositary shares issued pursuant to deposit agreements, shall be deemed to have notice of and consented to the provisions of our articles of association.

#### **Differences in Corporate Law**

The Companies Act (As Revised) is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act (As Revised) and the current Companies Act of England.

In addition, the Companies Act (As Revised) differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act (As Revised) applicable to us and the laws applicable to United States corporations and companies incorporated in the State of Delaware.

#### **Mergers and Similar Arrangements**

The Companies Act (As Revised) permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (2) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company.

In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (1) a special resolution of the shareholders of each constituent company, and (2) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act (As Revised) also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

### ***Shareholders' Suits***

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- an act which constitute a fraud against the minority where the wrongdoer are themselves in control of the company.

### ***Indemnification of Directors and Executive Officers and Limitation of Liability***

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

Our memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

### ***Directors' Fiduciary Duties***

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction.

The duty of loyalty requires that a director acts in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally.

In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company:

- a duty to act in good faith in the best interests of the company,
- a duty not to make a personal profit based on his or her position as director (unless the company permits him or her to do so),
- a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party, and
- a duty to exercise powers for the purpose for which such powers were intended.

A director of a Cayman Islands company owes to the company a duty of care, diligence and skill. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

#### ***Shareholder Action by Written Consent***

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of all shareholders who would have been entitled to vote on such matter at a general meeting without a meeting being held.

#### ***Shareholder Proposals***

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act (As Revised) does not provide shareholders with an express right to put forth any proposal before a general meeting of the shareholders. However, the Companies Act (As Revised) may provide shareholders with limited rights to requisition a general meeting but such rights must be stipulated in the articles of association of the company.

Any one or more shareholders holding not less than one-tenth of the voting rights on a one vote per share basis, in the share capital of the company at the date of deposit of the requisition shall at all times have the right, by written requisition to the board of directors or the secretary of the company, to require an extraordinary general meeting to be called by the board of directors for the transaction of any business specified in such requisition.

#### ***Cumulative Voting***

Under the Delaware General Corporation Law, cumulative voting for election of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

There are no prohibitions relating to cumulative voting under the laws of the Cayman Islands, but our memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

### ***Removal of Directors***

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

### ***Transactions with Interested Shareholders***

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting shares within the past three years.

This statute has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

### ***Restructuring***

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

### ***Dissolution; Winding Up***

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

### ***Variation of Rights of Shares***

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the sanction of a special resolution passed by a majority of not less than two-thirds of the votes cast at a separate meeting of the holders of the shares of that class.

### ***Amendment of Governing Documents***

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under Cayman Islands law, our memorandum and articles of association may only be amended with a special resolution of our shareholders.

### ***Rights of Non-resident or Foreign Shareholders***

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares.

In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

### ***Inspection of Books and Records***

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Shareholders of Cayman Islands exempted companies like us have no general right under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by our shareholders) or obtain copies of the list of shareholders of these companies. However, we intend to provide our shareholders with annual reports containing audited financial statements.

### **C. Material Contracts**

Other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

#### **D. Exchange Controls**

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution.”

#### **E. Taxation**

The following summary of the Cayman Islands, mainland China and U.S. federal income tax considerations of an investment in the ADSs or Class A ordinary shares is based upon laws and interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax considerations relating to an investment in the ADSs or Class A ordinary shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, mainland China and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel. To the extent it relates to mainland China tax law, it is the opinion of Han Kun Law Offices, our PRC counsel.

#### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to holders of our ADSs or ordinary shares levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our Class A ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Class A ordinary shares or the ADSs, nor will gains derived from the disposal of our Class A ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax.

#### **People’s Republic of China Taxation**

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of mainland China with a “de facto management body” within mainland China is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, production, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as State Administration of Taxation Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a mainland China-controlled enterprise that is incorporated offshore is located in mainland China. Although this circular only applies to offshore enterprises controlled by mainland China enterprises or mainland China enterprise groups, not those controlled by mainland China individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to State Administration of Taxation Circular 82, an offshore incorporated enterprise controlled by a mainland China enterprise or a mainland China enterprise group will be regarded as a mainland China tax resident by virtue of having its “de facto management body” in mainland China only if all of the following conditions are met: (i) the primary location of the day-to-day operational senior management and senior management department’s performance of their duties is in mainland China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in mainland China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in mainland China; and (iv) at least 50% of voting board members or senior executives habitually reside in mainland China. Further to the State Administration of Taxation Circular 82, the State Administration of Taxation issued the State Administration of Taxation Bulletin 45, which became effective since September 2011, to provide more guidance on the implementation of the State Administration of Taxation Circular 82. The State Administration of Taxation Bulletin 45 provides for detailed procedures and administration with respect to determination of residence status and administration of post-determination matters.

We believe that ATRenew Inc. is not a mainland China resident enterprise for mainland China tax purposes. ATRenew Inc. is not controlled by a mainland China enterprise or mainland China enterprise group and we do not believe that ATRenew Inc. meets all of the conditions above. ATRenew Inc. is a company incorporated outside mainland China. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside mainland China. Therefore, we do not believe that ATRenew Inc. meets all of these conditions or ATRenew Inc. is a mainland China resident enterprise for mainland China tax purposes even if the conditions for “de facto management body” prescribed in the State Administration of Taxation Circular 82 are applicable. For the same reasons, we believe our other entities outside of mainland China are not mainland China resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that ATRenew Inc. is a mainland China resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% mainland China tax on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within mainland China. It is unclear whether our non-mainland China individual shareholders (including the ADS holders) would be subject to any mainland China tax on dividends or gains obtained by such non-mainland China individual shareholders in the event we are determined to be a mainland China resident enterprise. If any mainland China tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-mainland China shareholders of ATRenew Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that ATRenew Inc. is treated as a mainland China resident enterprise.

Provided that our Cayman Islands holding company, ATRenew Inc., is not deemed to be a mainland China resident enterprise, holders of the ADSs and Class A ordinary shares who are not mainland China residents will not be subject to mainland China income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. However, under State Administration of Taxation Public Notice 7 and State Administration of Taxation Public Notice 37, where a non-resident enterprise conducts an “indirect transfer” by transferring taxable assets, including, in particular, equity interests in a mainland China resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee, or the mainland China entity which directly owns such taxable assets may report to the tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring mainland China tax. As a result, gains derived from such indirect transfer may be subject to mainland China enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a mainland China resident enterprise. We and our non-mainland China resident investors may be at risk of being required to file a return and being taxed under State Administration of Taxation Public Notice 7 and State Administration of Taxation Public Notice 37, and we may be required to expend valuable resources to comply with State Administration of Taxation Public Notice 7 and State Administration of Taxation Public Notice 37, or to establish that we should not be taxed under these circulars. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in mainland China resident enterprises by their non-mainland China holding companies.”

### **United States Federal Income Tax Considerations**

The following discussion is a summary of U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the ownership and disposition of the ADSs or Class A ordinary shares. This discussion applies only to U.S. Holders that hold the ADSs or Class A ordinary shares as capital assets (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated thereunder (the “Regulations”), published positions of the Internal Revenue Service (the “IRS”), court decisions and other applicable authorities, all as currently in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). There can be no assurance

that the IRS or a court will not take a contrary position with respect to any U.S. federal income tax considerations described below.

This discussion does not address all U.S. federal income tax considerations that may be applicable to particular investors in light of their individual investment circumstances, including investors subject to special rules under U.S. federal income tax law, such as:

- banks, insurance companies and other financial institutions;
- pension plans;
- cooperatives;
- entities treated as partnerships for U.S. federal income tax purposes, S corporations or other pass-through entities;
- tax-exempt entities (including private foundations);
- real estate investment trusts;
- regulated investment companies;
- dealers or traders in securities;
- certain former citizens or residents of the United States;
- persons that elect to mark their securities to market;
- persons who acquire ADSs or Class A ordinary shares pursuant to any employee share option or otherwise as compensation;
- persons holding ADSs or ordinary shares as part of a straddle, conversion or other integrated transaction;
- persons that have a functional currency other than the U.S. dollar; and
- persons that actually or constructively own ADSs or Class A ordinary shares representing 10% or more of our stock (by vote or value).

This discussion does not address any U.S. state or local tax considerations, any U.S. federal estate, gift, minimum tax or Medicare contribution tax considerations, or any non-U.S. tax considerations other than the discussion below relating to certain withholding rules and the U.S.-PRC income tax treaty (the "Treaty"). U.S. Holders are urged to consult their own tax advisors regarding the application of the U.S. federal income tax rules to their particular circumstances, and the state, local, non-U.S., or other tax considerations of the ownership and disposition of the ADSs or Class A ordinary shares.

### ***General***

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of the ADSs or Class A ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under the Code and applicable Regulations to be treated as a U.S. person.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the ADSs or Class A ordinary shares, the tax treatment of a partner will generally depend on the status and the activities of the partnership. Partners in a partnership holding the ADSs or Class A ordinary shares should consult their tax advisors regarding the tax considerations of an investment in the ADSs or Class A ordinary shares.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

### ***Passive Foreign Investment Company Considerations***

A non-U.S. corporation, such as our company, will generally be classified as a PFIC for U.S. federal income tax purposes, for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of its assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company’s goodwill and other unbooked intangibles are generally taken into account when determining the value of its assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Based upon the nature and composition of our assets (in particular, the retention of substantial amounts of cash and investments), and the market price of our ADSs, we believe that we were a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2024, and we will likely be a PFIC for our current taxable year unless the market price of our ADSs increases and/or we invest a substantial amount of the cash, investments and other passive assets we hold in assets that produce or are held for the production of active income.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC for all subsequent taxable years during which such U.S. Holder holds our ADSs or Class A ordinary shares even if we cease to be a PFIC in subsequent taxable years, unless certain elections are made.

### ***Dividends***

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” the gross amount of any distribution to a U.S. Holder with respect to the ADSs or Class A ordinary shares will generally be included in such holder’s gross income as ordinary dividend income on the date actually or constructively received by such holder, in the case of Class A ordinary shares, or by the depository, in the case of ADSs, to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, U.S. Holders should expect that any distribution from us will generally be reported as a dividend for U.S. federal income tax purposes. The amount of such dividend will include amounts withheld by us or our paying agent in respect of any foreign taxes. Any dividend from us will not be eligible for the dividends-received deduction generally allowed under the Code to qualifying corporations in respect of dividends received from U.S. corporations.

Dividends received by individuals and certain other non-corporate U.S. Holders may constitute “qualified dividend income” that is subject to tax at the lower applicable capital gains rate provided that (1) the ADSs or Class A ordinary shares on which the dividends are paid are readily tradable on an established securities market in the United States or we are eligible for benefits of an approved comprehensive income tax treaty with the United States, (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder for either our taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding period requirements are met. Our ADSs, but not our Class A ordinary shares, are listed on the New York Stock Exchange and should qualify as readily tradable on an established securities market in the United States, although there can be no assurances in this regard. If we are treated as a “resident enterprise” for PRC tax purposes under the Enterprise Income Tax Law, we may be eligible for the

benefits of the Treaty. U.S. Holders should consult their tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for dividends paid with respect to the ADSs or Class A ordinary shares (including rules relating to foreign tax credit limitations).

Dividends from us will generally constitute non-U.S. source income and will be treated as “passive category income” for foreign tax credit limitation purposes. In the event that we are deemed to be a mainland China resident enterprise under the Enterprise Income Tax Law, U.S. Holders may be subject to mainland China withholding taxes on dividends paid, if any, on our ADSs or Class A ordinary shares. U.S. Holders may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any nonrefundable foreign withholding tax imposed on dividends received on our ADSs or Class A ordinary shares. If a U.S. Holder does not elect to claim a foreign tax credit for foreign taxes withheld, such holder may instead claim a deduction for U.S. federal income tax purposes in respect of such taxes, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders should consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2024, and we will likely be classified as a PFIC for our current taxable year unless the market price of our ADSs increases and/or we invest a substantial amount of the cash, investments and other passive assets we hold in assets that produce or are held for the production of active income. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends with respect to our ADSs or Class A ordinary shares under their particular circumstances.

### ***Sale or Other Disposition of ADSs or Class A Ordinary Shares***

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” a U.S. Holder will generally recognize gain or loss on any sale or other disposition of our ADSs or Class A ordinary shares equal to the difference between the amount realized for such ADSs or Class A ordinary shares and such holder’s tax basis in such ADSs or Class A ordinary shares. Such gain or loss will generally be capital gain or loss. Individuals and certain other non-corporate U.S. Holders who have held such ADSs or Class A ordinary shares for more than one year will generally be eligible for a reduced rate of taxation. The deductibility of capital losses is subject to limitations. Any such gain or loss recognized by a U.S. Holder will generally be treated as U.S.-source gain or loss for foreign tax credit purposes, which may limit the ability to receive a foreign tax credit.

As described in “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation,” if we are deemed to be a mainland China resident enterprise under the PRC Enterprise Income Tax Law, gains from the disposition of the ADSs or Class A ordinary shares may be subject to PRC income tax and will generally be U.S.-source, which may limit the ability to receive a foreign tax credit. If a U.S. Holder is eligible for the benefits of the Treaty, such holder may be able to elect to treat such gain as mainland China-source income under the Treaty. Pursuant to the Regulations (the applicability of which has been postponed until further guidance is issued), however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any mainland China tax imposed on the disposition of the ADSs or Class A ordinary shares. The rules regarding foreign tax credits and deduction of foreign taxes are complex. U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit or deduction in light of their particular circumstances, including their eligibility for benefits under the Treaty, and the potential impact of the Regulations.

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2024, and we will likely be classified as a PFIC for our current taxable year unless the market price of our ADSs increases and/or we invest a substantial amount of the cash, investments and other passive assets we hold in assets that produce or are held for the production of active income. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of our ADSs or Class A ordinary shares under their particular circumstances.

### ***Passive Foreign Investment Company Rules***

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or Class A ordinary shares. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;
- amounts allocated to the taxable year of the distribution or gain and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (a "pre-PFIC year") will be taxable as ordinary income; and
- amounts allocated to each prior taxable year, other than the taxable year of the distribution or gain or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the U.S. Holder for that year, and the resulting tax will be increased by an additional tax equal to the interest charge on the resulting tax deemed deferred with respect to such years.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests are also PFICs (each, a "lower-tier PFIC"), such holder will be treated as owning a proportionate amount (by value) of such lower-tier PFICs for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election for such stock, provided that such stock is regularly traded on a qualified exchange or other market, as defined in the applicable Regulations. For those purposes, our ADSs, but not our Class A ordinary shares, are listed on the New York Stock Exchange, which is a qualified exchange. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes a valid mark-to-market election for the ADSs, the U.S. Holder will include in income each year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs held as of the close of such holder's taxable year over such holder's adjusted basis in such ADSs. The U.S. Holder is allowed a deduction for the excess, if any, of such holder's adjusted basis in the ADSs over their fair market value as of the close of the taxable year. However, such deductions are allowable only to the extent of any net mark-to-market gains on the ADSs included in the U.S. Holder's income for prior taxable years. Amounts included in the U.S. Holder's income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs, as well as to any loss realized on the actual sale or disposition of the ADSs, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs. The U.S. Holder's basis in the ADSs will be adjusted to reflect any such income or loss amounts. If a U.S. Holder makes a valid mark-to-market election, and we subsequently cease to be classified as a PFIC, such U.S. Holder will not be required to take into account the mark-to-market income or loss as described above during any period that we are not classified as a PFIC.

In addition, because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder that makes the mark-to-market election may continue to be subject to the PFIC rules with respect to such holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or Class A ordinary shares during any taxable year that we are a PFIC, such holder must generally file an annual IRS Form 8621. U.S. Holders should consult their tax advisors regarding the U.S. federal income tax consequences of owning and disposing of our ADSs or Class A ordinary shares if we are or become a PFIC.

THE PRECEDING DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS INTENDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE TAX ADVICE. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSIDERATIONS TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE ADSs AND CLASS A ORDINARY SHARES IN THEIR PARTICULAR CIRCUMSTANCES.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We previously filed a registration statement on Form F-1 (Registration No. 333-256615) with the SEC to register the issuance and sale of our ordinary shares represented by ADSs in our initial public offering. We have also filed a registration statement on Form F-6 (Registration No. 333-257023) with the SEC to register the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31. All information filed with the SEC can be obtained over the internet at the SEC's website at [www.sec.gov](http://www.sec.gov). As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Citibank, N.A., the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

**I. Subsidiary Information**

Not applicable.

**J. Annual Report to Security Holders**

Not applicable.

**Item 11. Quantitative and Qualitative Disclosures about Market Risk**

**Foreign exchange risk**

As of December 31, 2024, we held 87.3% of our cash and cash equivalents, restricted cash and short-term investments in RMB, 8.7% in U.S. dollars, and the remainder primarily in Japanese yen and Hong Kong dollars. Our overseas operations generate revenues primarily in U.S. dollars, Japanese yen and Hong Kong dollars. Generally, a weakening of the RMB against the U.S. dollar has a positive effect on our results of operations, while a strengthening

of the RMB against the U.S. dollar has the opposite effect. Our results of operations, including margins, are affected by the fluctuation in foreign exchange rates. Currently, we do not believe we experience any significant foreign exchange risk. However, the value of your investment in the ADSs will be affected by the exchange rate between U.S. dollar and RMB because the value of our business is effectively denominated in RMB, while the ADSs will be traded in U.S. dollars.

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. As of December 31, 2024, we had RMB-denominated cash and cash equivalents, restricted cash and short-term investments of RMB2,344.8 million, and U.S. dollar-denominated cash and cash equivalents and short-term investments of US\$32.6 million. Assuming we had converted the U.S. dollar dominated cash balance of US\$5.6 million at the exchange rate of RMB7.2993 for US\$1.00 as of December 31, 2024, this cash balance would have been RMB41.2 million. If the RMB had appreciated by 1% against the U.S. dollar, this RMB cash balance would have been RMB40.8 million instead. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amounts available to us.

### **Interest rate risk**

We are exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank balances, restricted bank deposits, loan receivables and bank and other borrowings which carry at prevailing deposit interest rates or variable interest rates based on the interest rates quoted by the People's Bank of China. We are also exposed to market interest rate risk that relates primarily to our fixed rate bank and other borrowings. We monitor market interest rate risk exposure by closely monitoring market interest rate risk profile and will consider hedging significant interest rate exposure should the need arise.

We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. We currently do not use any derivative contracts to hedge our exposure to interest rate risk. However, our future interest expenses may exceed expectations due to changes in market interest rates.

### **Item 12. Description of Securities Other than Equity Securities**

#### **A. Debt Securities**

Not applicable.

#### **B. Warrants and Rights**

Not applicable.

#### **C. Other Securities**

Not applicable.

#### **D. American Depositary Shares**

Citibank, N.A. has agreed to act as the depository for the American Depositary Shares. Citibank's depository offices are located at 388 Greenwich Street, New York, New York 10013.

## Fees and Charges Our ADS holders May Have to Pay

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

<b>Service</b>	<b>Fees</b>
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary share ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares.	Up to US\$0.05 per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-Class A ordinary share ratio, or for any other reason)	Up to US\$0.05 per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to US\$0.05 per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to US\$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to US\$0.05 per ADS held
• ADS Services	Up to US\$0.05 per ADS held on the applicable record date(s) established by the depositary
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to US\$0.05 per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and vice versa).	Up to US\$0.05 per ADS (or fraction thereof) converted

As an ADS holder, you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Class A ordinary shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

## Fees and Other Payments Made by the Depositary to Us

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

For the year ended December 31, 2024, we received a payment of US\$2.6 million from the depositary.

## **Taxes**

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

## PART II

### Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

#### Material Modifications to the Rights of Security Holders

None.

#### Use of Proceeds

Not applicable.

### Item 15. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and chief financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of December 31, 2024. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rule and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective as of December 31, 2024 and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed.

#### Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, for our company. Our internal control over financial reporting is a process designated to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, it used the criteria established within the framework in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2024.

Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm, which audited our consolidated financial statements for the year ended December 31, 2024, has also audited the effectiveness of internal control over financial reporting as of December 31, 2024.

### Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, Deloitte Touche Tohmatsu Certified Public Accountants LLP, has audited the effectiveness of our company's internal control over financial reporting as of December 31, 2024, as stated in its report, which appears on page F-4 of this annual report on Form 20-F.

### Changes in Internal Control over Financial Reporting

There were no significant changes in our internal control over financial reporting during the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting. We may identify additional control over deficiencies in the future. Should we discover such deficiencies, we intend to remediate them as soon as possible.

### Item 16.

#### Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Jingbo Wang, an independent director and member of our audit committee, qualifies as an "audit committee financial expert."

#### Item 16B. Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in May 2021. We have posted a copy of our code of business conduct and ethics on our website at <https://ir.atrenew.com>.

#### Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP, our principal external auditors, for the periods indicated.

	For the Years Ended December 31,			
	2023		2024	
		(in thousands)		
Audit fees <sup>(1)</sup>	US\$	1,400	US\$	1,400
All other fees <sup>(2)</sup>	US\$	28	US\$	—

- (1) "Audit fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC.
- (2) "All other fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain permitted tax services; and other advisory services.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP, including audit services and other services as described above, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit.

#### Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

### Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On December 28, 2021, our board of directors authorized a share repurchase program, under which we were authorized to repurchase up to US\$100 million of our shares over a twelve-month period starting from December 28, 2021. On December 9, 2022, our board of directors extended the effective period of the share repurchase program adopted on December 28, 2021 for another twelve-month period starting from December 28, 2022, while all the other terms of the share repurchase program remained unchanged. On March 12, 2024, our board of directors authorized a new share repurchase program, under which we may repurchase up to US\$20.0 million of our shares over a 12-month period starting from March 12, 2024. On June 21, 2024, our board of directors approved modifications to the size and terms of our share repurchase program adopted on March 12, 2024, increasing the aggregate value of shares that may be repurchased to US\$50 million and extending the effective term to June 27, 2025.

The table below is a summary of our share repurchases in the periods indicated. All shares were repurchased in the open market pursuant to the share repurchase programs.

Period	Total Number of ADSs Purchased	Average Price Paid Per ADS	Total Number of ADSs Purchased as Part of the Publicly Announced Plan	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan
January 2024	—	—	—	—
February 2024	—	—	—	—
March 2024	—	—	—	—
April 2024	—	—	—	US\$50 million
May 2024	1,408,655	US\$2.52	1,408,655	US\$46 million
June 2024	1,869,876	US\$2.41	1,869,876	US\$42 million
July 2024	1,720,488	US\$2.46	1,720,488	US\$38 million
August 2024	1,752,556	US\$2.53	1,752,556	US\$33 million
September 2024	1,409,366	US\$2.42	1,409,366	US\$30 million
October 2024	1,055,714	US\$2.68	1,055,714	US\$27 million
November 2024	960,507	US\$2.68	960,507	US\$24 million
December 2024	121,997	US\$2.95	121,997	US\$24 million
January 2025	162,065	US\$2.50	162,065	US\$24 million
<b>Total</b>	<b>10,461,224</b>		<b>10,461,224</b>	

### Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

### Item 16G. Corporate Governance

As a Cayman Islands company listed on the New York Stock Exchange, we are subject to the New York Stock Exchange corporate governance listing standards, which requires listed companies to have, among other things, a majority of their board members to be independent and independent director oversight of executive compensation and nomination of directors. However, New York Stock Exchange rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. We choose to follow corporate governance practices in the Cayman Islands, which is our home country, in the follow areas:

Section 302.00 of the NYSE Listed Company Manual requires a listed company to hold an annual meeting during each fiscal year. We are a Cayman Islands exempted company, and we are not required under applicable Cayman Islands law to hold an annual meeting during each fiscal year. Pursuant to the exceptions granted to foreign

private issuers under Section 303A.00 of the NYSE Listed Company Manual, we have followed our home country practice and are exempted from the requirements of Section 302.00 of the NYSE Listed Company Manual.

Section 303A.01 of the NYSE Listed Company Manual requires a listed company to have a majority of independent directors. Section 303A.04(a) of the NYSE Listed Company Manual requires a listed company to have a nominating and corporate governance committee composed entirely of independent directors. Section 303A.05(a) of the NYSE Listed Company Manual requires a listed company to have a compensation committee composed entirely of independent directors. We are a Cayman Islands exempted company, and there are no requirements under applicable Cayman Islands law that correspond to these sections of the NYSE Listed Company Manual. Pursuant to the exceptions granted to foreign private issuers under Section 303A.00 of the NYSE Listed Company Manual, we have followed our home country practice and are exempted from the requirements of Sections 303A.01, 303A.04(a), and 303A.05(a) of the NYSE Listed Company Manual.

Section 303A.08 of the NYSE Listed Company Manual requires that shareholders of a listed company must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with limited exemptions. We are a Cayman Islands exempted company, and there are no requirements under applicable Cayman Islands law that correspond to these sections of the NYSE Listed Company Manual.

Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has provided letters to the NYSE certifying that under the laws of Cayman Islands, we are not required to follow the above-mentioned corporate governance practices.

Other than the requirements discussed above, there are no significant differences between our corporate governance practices and those followed by domestic listed companies as required under the NYSE Listed Company Manual. Since we have chosen to follow our home country practice, our shareholders may be afforded less protection than they otherwise would enjoy under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the corporate governance requirements of the New York Stock Exchange; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance requirements of the New York Stock Exchange.”

#### **Item 16H. Mine Safety Disclosure**

Not applicable.

#### **Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

#### **Item 16J. Insider Trading Policies**

Our board of directors has established insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by our directors, officers, employees and other relevant persons to promote compliance with applicable insider trading laws, rules and regulations, and listing standards.

The Amended and Restated Statement of Policies Governing Material Non-Public Information and The Prevention of Insider Trading is filed as Exhibit 11.2 to this annual report on Form 20-F.

#### **Item 16K. Cybersecurity**

##### ***Risk Management and Strategy***

We have implemented comprehensive cybersecurity risk assessment procedures that are integrated into our overall enterprise risk management system. These procedures aim to identify, assess, and manage potential and existing cybersecurity threats. We have a strong information security department, led by our IT department, that

identifies, assesses, and manages cybersecurity risks on a daily basis. We have ensured that our employees have full access to the basic knowledge and principles of information security, established a sound responding process and disposal mechanism for system security, external attacks and violations, and safeguarded the confidentiality of information and data of our employees, customers, as well as third parties on our platform, making sure information and data can only be obtained and used when necessary. We strive to ensure the highest standards and procedures to protect data and information security for the users on our platform.

As of the date of this annual report, we have not experienced any material cybersecurity incidents that have affected or are reasonably likely to affect us, our business strategy, results of operations, or financial condition.

### **Governance**

The nominating and corporate governance committee of our board of directors is responsible for overseeing risks related to cybersecurity. When appropriate, periodic reviews are held to discuss the landscape of cybersecurity, potential threats, and our preparedness for potential cybersecurity threats and risks to our company. In the event that a material cybersecurity occurs, the nominating and corporate governance committee is responsible for reviewing the information and issues involved, disclosures to be made, and the procedures followed. Our head of IT department, who has many years of experience in the field, is primarily responsible for assessing and managing cybersecurity risks and monitoring the prevention, detection, mitigation, and remediation of cybersecurity incidents. He reports to our management team and provides quarterly updates to nominating and corporate governance committee of our board of directors on any material cybersecurity incidents or material risks arising from cybersecurity threats.

## **Part III**

### **Item 17 Financial Statements**

We have elected to provide financial statements pursuant to Item 18.

### **Item 18 Financial Statements**

The consolidated financial statements of ATRenew Inc., its subsidiaries and its consolidated affiliated entities are included at the end of this annual report.

### **Item 19 Exhibits**

<b>Exhibit Number</b>	<b>Description of Document</b>
1.1	<a href="#"><u>Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated hereby reference to Exhibit 1.1 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 27, 2022)</u></a>
2.1	<a href="#"><u>Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)</u></a>
2.2	<a href="#"><u>Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated hereby reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-256615), as amended, initially filed with the Securities and Exchange Commission on May 28, 2021)</u></a>
2.3	<a href="#"><u>Deposit Agreement, dated June 17, 2021, among the Registrant, the depository and the holders and beneficial owners of American Depositary Shares issued thereunder (incorporated hereby reference to Exhibit 4.3 to the registration statement on Form S-8 (File No. 333-259187) filed with the Securities and Exchange Commission on August 31, 2021)</u></a>
2.4	<a href="#"><u>Eighth Amended and Restated Shareholders Agreement among the Registrant and other parties thereto dated April 16, 2021 (incorporated hereby reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-256615), as amended, initially filed with the Securities and Exchange Commission on May 28, 2021)</u></a>

<b>Exhibit Number</b>	<b>Description of Document</b>
2.5	<a href="#">Description of Securities of the Registrant (incorporated hereby reference to Exhibit 2.5 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 27, 2022).</a>
4.1	<a href="#">Amended and Restated Share Incentive Plan (incorporated hereby reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-256615), as amended, initially filed with the Securities and Exchange Commission on May 28, 2021)</a>
4.2	<a href="#">Amended and Restated 2021 Share Incentive Plan (incorporated hereby reference to Exhibit 4.2 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 18, 2023).</a>
4.3	<a href="#">Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated hereby reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-256615), as amended, initially filed with the Securities and Exchange Commission on May 28, 2021).</a>
4.4	<a href="#">Form of Employment Agreement between the Registrant and its executive officers (incorporated hereby reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-256615), as amended, initially filed with the Securities and Exchange Commission on May 28, 2021).</a>
4.5*	<a href="#">English translation of the Business Cooperation Agreement dated June 1, 2024 between Beijing Jingdong Century Trading Co., Ltd. and Shanghai Wanwuxinsheng Information Technology Group Co., Ltd.</a>
8.1*	<a href="#">List of Principal Subsidiaries of the Registrant</a>
11.1	<a href="#">Code of Business Conduct and Ethics of the Registrant (incorporated hereby reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-256615), as amended, initially filed with the Securities and Exchange Commission on May 28, 2021).</a>
11.2*	<a href="#">Amended and Restated Statement of Policies Governing Material Non-Public Information and The Prevention Of Insider Trading of the Registrant</a>
12.1*	<a href="#">Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2**	<a href="#">Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm</a>
15.2*	<a href="#">Consent of Han Kun Law Offices</a>
15.3*	<a href="#">Consent of Maples and Calder (Hong Kong) LLP</a>
97	<a href="#">Clawback Policy (incorporated hereby reference to Exhibit 97 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 12, 2024).</a>
101.INS*	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed with this Annual Report on Form 20-F.

\*\* Furnished with this Annual Report on Form 20-F.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**ATRenew Inc.**

By: /s/ Kerry Xuefeng Chen  
Name: Kerry Xuefeng Chen  
Title: Chairman of the Board of Directors and Chief Executive Officer

Date: April 11, 2025

**ATRENEW INC.**  
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## REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of ATRenew Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ATRenew Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2024, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes and the financial statement schedule (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 11, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Convenience Translation

Our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

## **Critical Audit Matter**

The critical audit matter communicated below is matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which they relate.

### ***Revenue recognition for net online product revenue from self-developed online channels –Refer to Notes 2.15 to the financial statements***

#### *Critical Audit Matter Description*

The Company generates net online product revenue from the sales of pre-owned consumer electronics through self-developed online channels including PJT and self-owned AHS Select channels. The revenue is made up of a significant volume of low-dollar transactions. Because of the nature of the Company's transactions, the Company uses automated systems to process and record such revenue transactions.

Given the Company's systems to process revenue transactions are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's systems and automated controls.

#### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to revenue recognition for net online product revenue from self-developed online channels comprised the following control testing and substantive procedure, among others:

- With the assistance of our IT specialists, we:
  - Identified the significant systems used to process the revenue transactions and tested the effectiveness of the general IT controls over each of these systems, including testing of user access controls, change management controls, and IT operations controls.
  - Tested the effectiveness of interface controls and automated controls within the product revenue from self-developed online channels.
- We tested the effectiveness of manual controls over the relevant business processes, specifically focusing on reconciling revenue data captured in operational systems with the general ledger entries.
- We tested, on a sample basis, revenues transactions, by agreeing the recorded revenues to supporting documents including but not limited to customer orders and product delivery evidence to evaluate whether the revenues were properly recorded.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People's Republic of China

April 11, 2025

We have served as the Company's auditor since 2021.

## REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of ATRenew Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of ATRenew Inc. and its subsidiaries (the “Company”) as of December 31, 2024 based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the “PCAOB”), the financial statements as of and for the year ended December 31, 2024 of the Company and our report dated April 11, 2025, expressed an unqualified opinion on those financial statements and included explanatory paragraphs regarding the convenience translation of Renminbi amounts into United States dollar amounts.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People’s Republic of China

April 11, 2025

**ATRENEW INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2023 AND 2024**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Notes	As of December 31,		
		2023	2024	2024
		RMB	RMB	US\$ (note2.6)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents		1,978,696	1,970,183	269,914
Restricted cash		210,000	132,000	18,084
Short-term investments (including the fair value measured investments of RMB310,547 and RMB333,764 as of December 31, 2023 and 2024, respectively)		410,547	583,764	79,975
Amount due from related parties, net (net of allowance for credit losses of RMB390 and RMB390 as of December 31, 2023 and 2024, respectively)	16	89,592	117,161	16,051
Inventories		1,017,155	535,070	73,304
Funds receivable from third party payment service providers		253,107	233,133	31,939
Prepayments and other receivables, net (net of allowance for credit losses of RMB16,054 and RMB17,809 as of December 31, 2023 and 2024, respectively)	3	567,622	598,045	81,932
<b>Total current assets</b>		<b>4,526,719</b>	<b>4,169,356</b>	<b>571,199</b>
<b>Non-current assets:</b>				
Long-term investments (including the fair value measured investments of RMB12,310 and RMB57,660 as of December 31, 2023 and 2024, respectively)	6	467,095	556,136	76,190
Property, plant and equipment, net	4	148,223	156,532	21,445
Intangible assets, net	5	270,631	56,603	7,755
Other non-current assets	7	80,411	152,094	20,837
<b>Total non-current assets</b>		<b>966,360</b>	<b>921,365</b>	<b>126,227</b>
<b>TOTAL ASSETS</b>		<b>5,493,079</b>	<b>5,090,721</b>	<b>697,426</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	8	349,931	225,000	30,825
Accounts payable		532,293	171,356	23,476
Contract liabilities		119,715	98,834	13,540
Accrued expenses and other current liabilities	9	465,123	522,378	71,565
Accrued payroll and welfare		146,371	179,693	24,618
Amount due to related parties	16	78,032	109,730	15,033
<b>Total current liabilities</b>		<b>1,691,465</b>	<b>1,306,991</b>	<b>179,057</b>
<b>Non-current liabilities:</b>				
Operating lease liabilities, non-current	18	22,495	79,934	10,951
Deferred tax liabilities	10	67,658	9,244	1,266
<b>Total non-current liabilities</b>		<b>90,153</b>	<b>89,178</b>	<b>12,217</b>
<b>TOTAL LIABILITIES</b>		<b>1,781,618</b>	<b>1,396,169</b>	<b>191,274</b>

**ATRENEW INC.**  
**CONSOLIDATED BALANCE SHEETS—(CONTINUED)**  
**AS OF DECEMBER 31, 2023 AND 2024**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Note	As of December 31,		
		2023	2024	2024
		RMB	RMB	US\$ (note2.6)
<b>Commitments and contingencies</b>	19			
<b>SHAREHOLDERS' EQUITY</b>				
Class A Ordinary shares (US\$0.001 par value, 941,472,561 and 941,472,561 shares authorized, 102,120,726 and 106,787,392 shares issued and 87,795,879 and 88,024,113 outstanding as of December 31, 2023 and 2024, respectively)		609	641	88
Class B Ordinary shares (US\$0.001 par value, 47,240,103 shares authorized, issued and outstanding as of December 31, 2023 and 2024, respectively)		305	305	42
Class C Ordinary shares (US\$0.001 par value, 11,287,336 shares authorized, issued and outstanding as of December 31, 2023 and 2024, respectively)		7	7	1
Additional paid-in capital		13,268,487	13,358,237	1,830,071
Treasury shares (US\$0.001 par value, 12,240,463 and 16,439,902 shares as of December 31, 2023 and 2024, respectively)		(377,988)	(483,806)	(66,281)
Accumulated deficit		(9,163,134)	(9,171,363)	(1,256,472)
Accumulated other comprehensive loss		(16,825)	(9,469)	(1,297)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,711,461</b>	<b>3,694,552</b>	<b>506,152</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,493,079</b>	<b>5,090,721</b>	<b>697,426</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ATRENEW INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Notes	Years ended December 31,			
		2022	2023	2024	2024
		RMB	RMB	RMB	US\$ (note2.6)
<b>Net revenues</b>					
Net product revenues		8,676,672	11,658,298	14,844,416	2,033,677
Net service revenues		1,192,752	1,307,484	1,483,984	203,305
<b>Operating (expenses) income</b>					
Merchandise costs		(7,596,613)	(10,338,870)	(13,086,418)	(1,792,832)
Fulfillment expenses		(1,123,495)	(1,123,994)	(1,382,273)	(189,371)
Selling and marketing expenses		(1,536,052)	(1,250,860)	(1,367,028)	(187,282)
General and administrative expenses		(230,421)	(265,981)	(306,782)	(42,029)
Technology and content expenses		(227,812)	(195,679)	(210,364)	(28,820)
Goodwill impairment loss		(1,819,926)	—	—	—
Other operating income, net		41,238	36,264	53,434	7,320
<b>Income (loss) from operations</b>		<b>(2,623,657)</b>	<b>(173,338)</b>	<b>28,969</b>	<b>3,968</b>
Interest expense		(6,163)	(7,056)	(15,016)	(2,057)
Interest income		17,780	37,875	26,861	3,680
Other income (loss), net		38,791	(5,887)	(41,256)	(5,652)
<b>Loss before income taxes and share of loss in equity method investments</b>		<b>(2,573,249)</b>	<b>(148,406)</b>	<b>(442)</b>	<b>(61)</b>
Income tax benefits	10	111,783	42,530	56,877	7,792
Share of loss in equity method investments		(6,471)	(50,374)	(64,664)	(8,859)
<b>Net loss</b>		<b>(2,467,937)</b>	<b>(156,250)</b>	<b>(8,229)</b>	<b>(1,128)</b>
<b>Net loss per share</b>					
Basic and diluted	14	(15.16)	(0.96)	(0.05)	(0.01)
<b>Weighted average number of shares used in calculating net loss per ordinary share</b>					
Basic and diluted		162,819,410	162,160,835	161,618,799	161,618,799
<b>Net loss</b>		<b>(2,467,937)</b>	<b>(156,250)</b>	<b>(8,229)</b>	<b>(1,128)</b>
Foreign currency translation adjustments		(30,030)	8,883	7,356	1,008
<b>Total comprehensive loss</b>		<b>(2,497,967)</b>	<b>(147,367)</b>	<b>(873)</b>	<b>(120)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ATRENEW INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

	Class A Ordinary shares (par value US\$0.001)		Class B Ordinary shares (par value US\$0.001)		Class C Ordinary shares (par value US\$0.001)		Treasury shares		Addition al paid-in capital	Accumula ted deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	Number of shares*	RM B	Number of shares	RM B	Numbe r of shares	RM B	Number of shares	RMB				
<b>Balance as of January 1, 2022</b>	<u>92,416,377</u>	<u>60</u>	<u>47,240,103</u>	<u>30</u>	<u>11,287,336</u>	<u>7</u>	<u>—</u>	<u>—</u>	<u>12,954,163</u>	<u>(6,538,947)</u>	<u>4,322</u>	<u>6,420,459</u>
Net loss	—	—	—	—	—	—	—	—	—	(2,467,937)	—	(2,467,937)
Repurchase of ordinary shares (Note 12)	—	—	—	—	—	—	(5,699,315)	(217,920)	—	—	—	(217,920)
Issuance of ordinary shares upon exercise of options	3,971,624	0	—	—	—	—	—	—	2,864,174,236	—	—	2,864,174,236
Share-based compensation	—	—	—	—	—	—	—	—	6	—	—	174,236
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	(30,030)	(30,030)
<b>Balance as of December 31, 2022</b>	<u>96,388,001</u>	<u>60</u>	<u>47,240,103</u>	<u>30</u>	<u>11,287,336</u>	<u>7</u>	<u>(5,699,315)</u>	<u>(217,920)</u>	<u>13,131,263</u>	<u>(9,006,884)</u>	<u>(25,708)</u>	<u>3,881,672</u>
Net loss	—	—	—	—	—	—	—	—	—	(156,250)	—	(156,250)
Repurchase of ordinary shares (Note 12)	—	—	—	—	—	—	(6,541,148)	(160,068)	—	—	—	(160,068)
Issuance of ordinary shares upon exercise of options	3,648,341	0	—	—	—	—	—	—	2,822,134,402	—	—	2,822,134,402
Share-based compensation	—	—	—	—	—	—	—	—	2	—	8,883	134,402
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	8,883	8,883
<b>Balance as of December 31, 2023</b>	<u>100,036,342</u>	<u>60</u>	<u>47,240,103</u>	<u>30</u>	<u>11,287,336</u>	<u>7</u>	<u>(12,240,463)</u>	<u>(377,988)</u>	<u>13,268,487</u>	<u>(9,163,134)</u>	<u>(16,825)</u>	<u>3,711,461</u>
Net loss	—	—	—	—	—	—	—	—	—	(8,229)	—	(8,229)
Repurchase of ordinary shares (Note 12)	—	—	—	—	—	—	(6,866,106)	(184,295)	—	—	—	(184,295)
Treasury shares issued to depository bank for share incentive plan	(2,666,667)	(19)	—	—	—	—	2,666,667	78,477	(78,458)	—	—	—
Issuance of ordinary shares upon exercise of options	4,594,339	33	—	—	—	—	—	—	1,485	—	—	1,518
Issuance of ordinary shares upon vesting of restricted shares	2,500,001	18	—	—	—	—	—	—	(18)	—	—	—
Share-based compensation	—	—	—	—	—	—	—	—	166,741	—	—	166,741
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	1	—	7,356	7,356
<b>Balance as of December 31, 2024</b>	<u>104,464,015</u>	<u>64</u>	<u>47,240,103</u>	<u>30</u>	<u>11,287,336</u>	<u>7</u>	<u>(16,439,902)</u>	<u>(483,806)</u>	<u>13,358,237</u>	<u>(9,171,363)</u>	<u>(9,469)</u>	<u>3,694,552</u>

\*The number of Class A Ordinary shares herein does not include shares nominally held by depository bank for future issuance under the Company's Share Incentive Plan.

The accompanying notes are an integral part of these consolidated financial statements. "0" in above table means less than RMB 1,000.

**ATRENEW INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

	Years ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US\$ (note2.6)
<b>Cash flows from operating activities:</b>				
Net loss	(2,467,937)	(156,250)	(8,229)	(1,128)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	405,408	333,731	267,063	36,587
Noncash lease expense	53,765	47,075	53,061	7,269
Loss on the disposal of property and equipment	1,894	5,347	3,764	516
Provision for allowance for credit losses	5,870	24,672	13,147	1,801
Write-down of inventories	8,931	45,749	11,267	1,544
Share of loss in equity method investments	6,471	50,374	64,664	8,859
Impairment loss of equity method investments	12,186	—	—	—
Impairment loss of intangible assets, deferred cost and goodwill	2,097,257	—	—	—
Fair value change of investments	36,432	4,773	35,593	4,876
Share-based compensation	174,236	134,402	166,741	22,844
Foreign exchange (gains) losses	(48,624)	10,106	3,000	411
Changes in operating assets and liabilities:				
Inventories	36,412	(629,436)	461,547	63,232
Prepayments and other receivables, net	250,926	43,904	(30,638)	(4,197)
Amount due from related parties, net	291,045	25,661	(33,616)	(4,605)
Funds receivable from third party payment service providers	88,818	63,170	19,974	2,736
Other non-current assets	9,789	(5,180)	(1,303)	(179)
Accounts payable	14,468	458,957	(360,937)	(49,448)
Contract liabilities	(16,595)	(75,654)	(20,881)	(2,861)
Accrued expenses and other current liabilities	177,911	(89,672)	43,045	5,897
Accrued payroll and welfare	(19,753)	13,903	33,322	4,565
Amount due to related parties	(72,678)	30,428	31,698	4,343
Operating lease liabilities	(53,109)	(48,508)	(51,061)	(6,995)
Deferred tax liabilities	(111,826)	(43,654)	(58,414)	(8,003)
<b>Net cash provided by operating activities</b>	<b>881,297</b>	<b>243,898</b>	<b>642,807</b>	<b>88,064</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(61,463)	(85,183)	(59,857)	(8,200)
Proceeds from disposal of property and equipment	5,517	1,243	1,525	209
Purchases of short-term investments	(666,252)	(421,798)	(421,635)	(57,764)
Purchases of long-term investments	(31,844)	(120,900)	(150,181)	(20,575)
Proceeds on acquisition of subsidiary, net	29,871	—	—	—
Prepayment for long-term investment	(180,000)	—	—	—
Proceeds from maturity of short-term investments	394,488	792,179	210,000	28,770
Loans to related parties	(13,000)	(95,000)	(183,953)	(25,201)
Loans to third parties	(12,000)	(131,691)	(27,200)	(3,726)
Collection of loan repayments from related parties	13,000	95,000	190,000	26,030
Collection of deposits on loans from third parties	—	124,163	—	—
Collection of loan repayments from third parties	5,000	14,000	16,900	2,315
<b>Cash (used in) provided by investing activities</b>	<b>(516,683)</b>	<b>172,013</b>	<b>(424,401)</b>	<b>(58,142)</b>

**ATRENEW INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Years ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US\$ (note2.6)
<b>Cash flows from financing activities:</b>				
Proceeds from short-term borrowings	185,983	623,915	844,627	115,713
Repayment for short-term borrowings	(156,970)	(397,966)	(969,558)	(132,829)
Proceeds from exercise of options	2,864	2,822	1,518	208
Repurchase of ordinary shares	(217,920)	(160,068)	(184,295)	(25,248)
<b>Cash (used in) provided by financing activities</b>	<b>(186,043)</b>	<b>68,703</b>	<b>(307,708)</b>	<b>(42,156)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	18,413	2,456	1,289	176
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>196,984</b>	<b>487,070</b>	<b>(88,013)</b>	<b>(12,058)</b>
<b>Cash, cash equivalent and restricted cash at the beginning of the year</b>	<b>1,506,642</b>	<b>1,703,626</b>	<b>2,190,696</b>	<b>300,124</b>
<b>Cash, cash equivalent and restricted cash at the end of the year</b>	<b>1,703,626</b>	<b>2,190,696</b>	<b>2,102,683</b>	<b>288,066</b>
<b>Reconciliation to amounts on the consolidated balance sheets:</b>				
Cash and cash equivalents	1,703,626	1,978,696	1,970,183	269,914
Restricted cash	—	210,000	132,000	18,084
Restricted cash included in the other non-current assets	—	2,000	500	68
<b>Total cash, cash equivalents, and restricted cash</b>	<b>1,703,626</b>	<b>2,190,696</b>	<b>2,102,683</b>	<b>288,066</b>
<b>Supplemental cash flow disclosures of operations:</b>				
Interest expenses paid	6,163	7,056	15,016	2,057
Cash paid for amounts included in the measurement of operating lease liabilities	56,646	49,335	50,962	6,982
Non-cash right-of-use assets obtained in exchange for operating lease liabilities	62,609	28,003	124,959	17,119
<b>Supplemental disclosure of non-cash investing and financing activities:</b>				
Payable for purchase of property and equipment	(8,193)	(2,253)	(2,273)	(311)

The accompanying notes are an integral part of these consolidated financial statements.

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

**1. Organization and principal activities**

**Description of Business**

ATRenew Inc. (the “Company”) was incorporated under the laws of the Cayman Islands on November 22, 2011. The Company through its subsidiaries (collectively, the “Group”) primarily sell pre-owned consumer electronics through its online platforms and other channels, and provide services to third-party merchants to sell the products through its platforms. The Group’s principal operations and geographic markets are in the People’s Republic of China (“PRC”).

Prior to April 2022, in order to comply with the PRC laws and regulations which used to prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Company, through its wholly owned foreign invested subsidiary, Shanghai Aihui Trading Co., Ltd (“Shanghai Aihui”), entered into contractual arrangements (“former VIE agreements”) with Shanghai Wanwuxinsheng Information Technology Group Co., Ltd (formerly known as “Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd”, hereinafter referred as “Shanghai Wanwuxinsheng”) and its shareholders, which allowed the Group to effectively control the former VIE and to derive substantially all of the economic benefits from the former VIE. In April 2022, such arrangements were terminated, and the shareholders of Shanghai Wanwuxinsheng, transferred their equity interests in former VIE to Shanghai Aihui. Following such termination and share transfer, Shanghai Wanwuxinsheng became the Company’s subsidiary in which the Company holds direct equity ownership interests of 100%.

As of December 31, 2024, the Company’s major subsidiaries are as follows:

<b>Subsidiaries</b>	<b>Date of incorporation/ establishment</b>	<b>Place of incorporation/ establishment</b>	<b>Percentage of direct/indirect ownership</b>
Shanghai Wanwuxinsheng	May 21, 2010	Mainland China	100%
AiHuiShou International Company Limited	January 13, 2012	Hong Kong	100%
Shanghai Aihui	August 16, 2012	Mainland China	100%
Shanghai Yueyi Network Information Technology Co., Ltd (“Shanghai Yueyi”)	September 6, 2015	Mainland China	100%
AHS Device Hong Kong Limited	March 8, 2017	Hong Kong	100%
Changzhou Yueyi Network Information Technology Co., Ltd (“Changzhou Yueyi”)	June 23, 2017	Mainland China	100%

**2. Summary of significant accounting policies**

**2.1 Basis of Presentation**

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**2.2 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company, its subsidiaries, former VIE and former VIE’s subsidiaries in which the Company is the primary beneficiary. All intercompany balances and transactions and unrealized profit and losses have been eliminated in consolidation.

**2.3 Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ materially from such estimates. Significant accounting estimates reflected in the Group’s consolidated financial statements include valuation of share-based compensation, assessment for impairment of long-lived assets, including intangible assets, deferred cost, goodwill and long-term investments, discount rate of operating lease liabilities, inventory write-down, estimating the current expected credit losses on financial assets, depreciable lives of property, plant and equipment, and useful life of intangible assets and realization of deferred tax assets.

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

**2. Summary of significant accounting policies—(Continued)**

**2.4 Fair value measurements**

Fair value reflects the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the assets or liabilities.

The Group applies a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This guidance specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy is as follows:

- Level 1— Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.
- Level 2— Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.
- Level 3— Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Group's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value guidance describes three main approaches to measure the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

As of December 31, 2023 and 2024, information about inputs into the fair value measurements of the Group's assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to their initial recognition is as follows:

<u>As of</u> <u>December 31,</u>	<u>Description</u>	<u>Fair value</u>	<u>Quoted Prices in Active</u> <u>Markets for Identical Assets</u> <u>(Level 1)</u>	<u>Significant Other</u> <u>Observable</u> <u>Inputs (Level 2)</u>
		<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
2023	Short-term investments	310,547	71,570	238,977
2023	Long-term investments	12,310	—	12,310
2024	Short-term investments	333,764	40,184	293,580
2024	Long-term investments	57,660	—	57,660

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
(Amounts in thousands, except for share, per share data or otherwise noted)

**2. Summary of significant accounting policies—(Continued)**

**2.4 Fair value measurements—(Continued)**

The Group had no asset measured at fair value on a non-recurring basis for the year ended December 31, 2023 and 2024. The following table presents the Group's assets measured at fair value on a non-recurring basis for the year ended December 31, 2022:

Years ended December 31,	Description	Fair Value RMB	Significant Unobservable Inputs (Level 3) RMB	Total Loss for the Year
2022	Equity method investments	—	—	12,186
2022	Goodwill	—	—	1,819,926
2022	Intangible assets - Non-Compete Commitment	—	—	14,733
2022	Intangible assets - technology/platform	2,000	2,000	6,217
2022	Intangible assets - brand names	20,000	20,000	185,975
2022	Deferred cost	16,659	16,659	70,406

The Group's assets and liabilities measured at fair value on a recurring basis subsequent to initial recognition include certain short-term and long-term investments that the Group elects to apply fair value option under ASC 825, *Financial Instruments*, and investments at fair value which were classified as level 1 within the fair value hierarchy as all significant inputs are unadjusted quoted prices from active markets and level 2 within the fair value hierarchy as the key inputs to the valuation model are observable in active markets. The related losses from such level 1 fair value measurements recognized in the consolidated statements of operations were nil, RMB228 and RMB31,386 for the years ended December 31, 2022, 2023 and 2024, respectively. The related losses from such level 2 fair value measurements recognized in the consolidated statements of operations were RMB36,432, RMB4,545 and RMB4,207 for the years ended December 31, 2022, 2023 and 2024, respectively.

The Group's assets and liabilities measured at fair value on a nonrecurring basis include the fair value of property, plant and equipment, intangible assets, deferred cost, goodwill, equity method investments, and equity investments without readily determinable fair value when they are deemed to be impaired. The fair values of property, plant and equipment and investments are determined using estimated disposal value. The fair values of intangible assets, deferred cost and goodwill are determined using discounted cashflow method (see Notes 2.11 and 2.12). The fair value measurements used significant unobservable inputs and were classified as level 3 within the fair value hierarchy. The related losses from such level 3 fair value measurements recognized in the consolidated statements of operations were RMB2,109,443, nil and nil for the years ended December 31, 2022, 2023 and 2024, respectively.

The Group's financial instruments not measured at fair value include cash and cash equivalents, restricted cash, certain short-term investments, amount due from related parties, net, funds receivable from third party payment service providers, other receivables, net, equity investments without readily determinable fair values, short-term borrowings, accounts payable, other current liabilities, amount due to related parties. The carrying amounts of the short-term financial instruments approximate their costs due to the short-term nature of these assets and liabilities. The fair value of equity investments without readily determinable fair values cannot be reasonably estimated without undue costs.

**2.5 Functional currency and foreign currency translation**

The functional currency of the Company and its subsidiaries, former VIE and former VIE's subsidiaries in the PRC is in Renminbi ("RMB"). The functional currency of the Group's entities incorporated in Hong Kong is in Hong Kong dollars ("HKD"). The functional currency of the Group's entities incorporated in the United States is in US dollars ("US\$"). The functional currency of the Group's entities incorporated in Japan is in Japan Yen ("JPY")

Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency are measured and recorded in the functional currency at the exchange rate prevailing on the transaction date. Transaction gains and losses are recognized in the consolidated statements of operations and comprehensive loss.

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**2. Summary of significant accounting policies—(Continued)**

**2.5 Functional currency and foreign currency translation —(Continued)**

The Group's reporting currency is RMB. For entities within the Group that have a functional currency other than the reporting currency, assets and liabilities are translated from each entity's functional currency to the reporting currency at the exchange rates in effect on the balance sheet date. Equity amounts are translated at historical exchange rates. Revenues, expenses, gains and losses are translated using the average rates for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a component of other comprehensive income (loss) in the statements of operations and comprehensive loss and the consolidated statements of change in shareholders' equity.

**2.6 Convenience Translation into United States Dollars**

Translations of balances in the consolidated balance sheets, consolidated statements of operations and comprehensive loss and consolidated statements of cash flows from RMB into United States dollars are solely for the convenience of the reader and were calculated at the rate of US\$1.00 = RMB7.2993 on December 31, 2024, as set forth in H.10 statistical release of the Federal Reserve Board. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into United States dollars at that rate on December 31, 2024, or at any other rate.

**2.7 Cash and cash equivalents**

Cash and cash equivalents primarily consist of cash on hand and cash in bank which are highly liquid, and monetary fund investments with original maturities of three months or less. As of December 31, 2023 and 2024, all cash and cash equivalents are unrestricted as to withdrawal and use.

**2.8 Restricted cash**

Cash that is restricted as to withdrawal or use or pledged as security is reported separately on the face of the consolidated balance sheets. Cash that is restricted as to withdrawal or use or pledged as security for other than current operations is reported in the other non-current assets. Restricted cash is included in the total cash, cash equivalents, restricted cash in the consolidated statements of cash flows. The Group's restricted cash represents security deposits held in designated bank accounts as pledged guarantee provided for business partners.

**2.9 Inventories**

Inventories, consisting of pre-owned and new consumer electronics available for sale, are stated at lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less estimated costs necessary to make the sale. Write-down of inventory is determined using the specific identification method. Adjustments are recorded to write down the cost of inventory to the net realizable value due to slow-moving or volatile changes in price levels, which is determined based upon factors such as historical and forecasted market demand and industry and economic trends that impact pricing. Write-down of inventory was recognized RMB8,931, RMB45,749 and RMB11,267 for the years ended December 31, 2022, 2023 and 2024, respectively.

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**2. Summary of significant accounting policies—(Continued)**

**2.10 Property, Plant and Equipment, net**

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

<b>Category</b>	<b>Estimated useful lives</b>
Buildings	30 years
Machinery	3-10 years
Electronic equipment	3 years
Leasehold improvement	Over the shorter of the lease term or expected useful lives
Furniture and office equipment	3-10 years
Motor vehicle	3 years
Software	2-10 years

Repairs and maintenance costs are charged to operating expenses as incurred, whereas the costs of renewals and betterment that extends the useful lives of property, plant and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the costs, accumulated depreciation and impairment with any resulting gain or loss recognized in other operating income, net of consolidated statements of operations and comprehensive loss. The Group recognized nil of impairment loss for each of the three years ended December 31, 2024.

**2.11 Intangible assets, net**

Intangible assets mainly include those acquired through business combinations and business corporations. Intangible assets arising from the Group's acquisition of Paipai business from JD.com, Inc. including Business Cooperation Agreement ("BCA"), Non-Compete Commitment ("NCC"), technology/platform and brand names, and are recognized and measured at fair value with the assistance of a third-party valuation firm using valuation techniques such as discounted cash flow analysis. Major assumptions used in determining the fair value of these intangible assets include forecasts of future revenues and discount rate and royalty saving rate. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The identifiable intangible assets acquired are amortized on a straight-line basis over their respective useful lives as follows:

<b>The identifiable intangible assets</b>	<b>Amortization Years</b>
Brand names	10 years
BCA	1-6 years
Technology/platform	5 years
NCC	5 years

**2.12 Goodwill**

Goodwill is recognized for the excess of the purchase price over the fair value of tangible and identifiable intangible net assets of business acquired. Goodwill is not amortized but is reviewed at least annually for impairment or earlier, if any indication of impairment exists.

Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. The estimation of future cash flows involves forecasts of future revenues and net profit rate, and selection of terminal growth rate. Changes in these estimates and assumptions could materially affect the determination of fair value for each the reporting unit. The Group has determined it has only one reporting unit and performed its annual goodwill impairment analysis on December 31 of every year.

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**2. Summary of significant accounting policies—(Continued)**

**2.12 Goodwill —(Continued)**

As of December 31, 2022, in light of negative changes in market conditions, the Group identified impairment indicators and assessed it was more likely than not the fair value of the reporting unit was less the carrying value. The Group performed quantitative impairment tests on the goodwill, and recognized an impairment loss of RMB1,819,926.

The forecasts of future revenue, the net profit rate, the terminal growth rate and the discount rate were the significant unobservable inputs used in the fair value measurement of the reporting unit. The terminal growth rate and discount rate applied in the evaluation for the year ended December 31, 2022 were 3% and 17%, respectively. As of December 31, 2022, goodwill was fully impaired.

**2.13 Impairment of long-lived assets**

The Group evaluates its long-lived assets including intangible assets with definite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment analysis is performed if events indicate that it is impaired. Possible indications of impairment may include events or changes in circumstances affecting business forecast and operations. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the carrying amount of the assets exceeds the undiscounted net cash flows, an analysis is performed to determine the fair value of the assets using income approach based on the discounted cash flows and the group recognizes impairment loss on the amount by which the carrying value exceeds the fair value of the asset.

During the year ended December 31, 2022, in light of negative changes in market conditions, the Group identified impairment indicators for intangible assets and performed quantitative impairment tests and recognized RMB206,925 intangible assets impairment losses for the year ended December 31, 2022, of which the impairment loss of brand names, NCC, technology amounted to RMB185,975, RMB14,733 and RMB6,217, respectively.

The Group used Relief from Royalty ("RFR") method, a specific discounted cash flow method to estimate fair value of brand names and technology/platform which involves significant unobservable estimates and assumptions, including discount rate, royalty saving rate and forecasts of future revenues. The Group uses incremental income method, a specific discounted cash flow method to estimate fair value of NCC which involves significant unobservable estimates and assumptions, including discount rate and forecasts of future revenues. The discount rate and royalty saving rate applied in the evaluation for the year ended December 31, 2022 were 19% and 1%, respectively.

For the years ended December 31, 2023 and 2024, no impairment loss recognized for the long-lived assets.

**2.14 Investments**

Short-term investments include (i) Term deposits with original maturities longer than three months but less than one year, (ii) wealth management products with unsecured principal purchased from financial institutions which have original maturities of less than one year, and (iii) listed equity securities representing ordinary shares of an entity listed in Hong Kong. The Group elects to adopt the fair value option in accordance with ASC 825, *Financial Instruments* to record the investments in term deposits and wealth management products in short-term investments in the consolidated balance sheets. Changes in the fair value of the investments are recorded as other income (loss), net in the consolidated statements of operations and comprehensive loss. The Group recognized unrealized gain from fair value changes of nil, unrealized loss from fair value changes of RMB1,303 and unrealized loss from fair value changes of RMB38,418 of short-term investments for the years ended December 31, 2022, 2023 and 2024, respectively.

Long-term investments include (i) equity method investments, (ii) equity securities without readily determinable fair value and (iii) long-term investments at fair value.

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**2. Summary of significant accounting policies—(Continued)**

**2.14 Investments—(Continued)**

Equity method investments

The Group accounts for its in-substance common stock equity investments over which it has significant influence but does not own a majority equity interest or otherwise control using the equity method. The Group adjusts the carrying amount of the investments and recognizes in earnings for share of the earnings or loss of the investee after the date of investment. The Group stops to record its share of loss when losses have reduced the investment balance to zero and the Group does not have a requirement or commitment to advance additional funds to an investee. The Group assesses its equity method investments for impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the entities, including current earnings trends and other entity-specific information such as recent financing situation. The fair value determination, particularly for investments in privately held entities, requires judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other-than-temporary. If the decline in the fair value is deemed to be other-than-temporary, the carrying value of the equity method investment is written down to fair value. The Group recorded impairment losses of RMB12,186, nil and nil in other income (loss), net in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2022, 2023 and 2024, respectively.

Equity securities without readily determinable fair value

Following the adoption of ASU 2016-01, Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities, the Company measures these investments using measurement alternative at cost minus impairment, if any, adjusted up or down for observable price changes in orderly transactions for the identical or similar investment of the same issuer. Any adjustment to the carrying amount is recorded in other income (loss), net.

The Group also makes qualitative assessment at each reporting period and if the assessment indicates that the fair value of the investment is less than the carrying value, the investment in equity securities will be written down to its fair value, with the difference between the fair value of the investment and its carrying amount as an impairment loss recorded in other income (loss), net. The Group recorded impairment losses of nil, nil and nil in other income (loss), net in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2022, 2023 and 2024, respectively.

Investments at fair value

The investments under fair value pertain to structured products in fund-linked notes. The Group elects to adopt the fair value option in accordance with ASC 825 *Financial Instruments* to record the investments at fair value in long-term investments under fair value in the consolidated balance sheets. Changes in the fair value of these investments are recorded as other income (loss), net in the consolidated statements of operations. The Group recognized unrealized losses from fair value changes of RMB36,432, RMB3,470 and unrealized gains from fair value changes RMB2,825 of long-term investments for the years ended December 31, 2022, 2023 and 2024, respectively.

**2.15 Revenue recognition**

Revenues are generated primarily from product revenues and service revenues through the platforms the Group offers to its customers. The Group also generates revenues from product sales through offline stores it operates.

The Group adopted ASC 606, *Revenue from Contract with Customers* (“ASC606”) for all periods presented. According to ASC 606, revenue is recognized when control of the promised good or service is transferred to the customer in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services, after considering estimated sales return allowances, price concessions, discount and value added tax (“VAT”). Consistent with the criteria of ASC 606, the Group follows five steps for its revenue recognition: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

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**2. Summary of significant accounting policies—(Continued)**

**2.15 Revenue recognition —(Continued)**

Disaggregation of revenues

For the year ended December 31, 2022, 2023 and 2024, the disaggregated revenues by revenue streams were as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Net online product revenues	6,697,557	9,354,140	12,412,165
Net product revenues from offline channels	1,979,115	2,304,158	2,432,251
<b>Net product revenues</b>	<b>8,676,672</b>	<b>11,658,298</b>	<b>14,844,416</b>
Net service revenues for PJT marketplace	638,334	707,000	801,772
Net service revenues for Paipai marketplace	474,010	497,338	463,036
Net service revenues from other channels	80,408	103,146	219,176
<b>Net service revenues</b>	<b>1,192,752</b>	<b>1,307,484</b>	<b>1,483,984</b>

Net Product Revenues

The majority of the Group’s revenue is derived from online product sales. The Group recognizes revenue from the sale of phones and other consumer electronics goods through the two online platforms it operates: PJT Marketplace (“PJT”) (B2B channel), Paipai Marketplace (“Paipai”) (B2C channel), and other channels the Group operates, including AHS Select, a self-developed channel. The Group utilizes external delivery service providers to deliver goods to its customers. The Group presents revenue generated from its sales of products on a gross basis as the Group has control of the goods and has the ability to direct the use of goods to obtain substantially all the benefits and recognizes revenue at the point of time when the goods have been delivered to the customers. The customers pay for the goods in advance. The Group offers its customers right of return for a period of 3 to 7 days upon the receipts. Product revenues are reduced by estimated sales return, which has been immaterial in the historical periods.

For product sales through offline channels, the Group recognizes revenue at the point of time when customers pay and obtain control of the products. When transactions involving trade-in devices, the purchase of the pre-owned products and the sale of new products are accounted for as two separate transactions. Fair value of trade-in product is recognized as non-cash consideration for the sale of the new product.

Net Service Revenues

In addition to product sales, the Group’s PJT and Paipai also serve as online marketplace to provide third-party merchants platform services enabling them to transact with customers, for which the Group charges commission fees to its merchants and/or customers. Under the platform service arrangement, the Group acts as an agent and does not take control of the products provided by the merchants at any point in the time during the transactions and does not have latitude over pricing of the merchandise.

For PJT, the Group charges both the merchants and business buyers a commission fee. The commission fee charged to the merchants is determined as a percentage based on the executed transaction price, and the commission fee charged to business buyers is determined as a negotiated tiered amount. For Paipai, commission fees are charged to merchants only, determined as a percentage based on the executed transaction price. For certain merchants who sell products on the Group’s platform, the Group enters into contractual agreements with these merchants for a fixed monthly marketplace management fee in addition to the commission fees charged for each transaction.

Commission fees are recognized in the consolidated statements of operations and comprehensive loss at the time when the service obligations to the merchants are determined to have been completed under each sales transaction upon the business buyers’ confirming the receipts of goods or over time for merchants paying fixed monthly management fees. Commission fees are not refundable if business buyers return the merchandise to merchants.

The Group provides a one-year warranty for pre-owned consumer electronics sold on Paipai, which is not considered as a separate performance obligation. The costs associated with the warranty was immaterial during the years presented.

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**2. Summary of significant accounting policies—(Continued)**

**2.15 Revenue recognition —(Continued)**

Reconciliation of contract balances

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. A contract asset is recorded when the Group has transferred products to the customer before payment is received or is due, and the Group's right to consideration is conditional on future performance or other factors in the contract. There was no contract asset as of December 31, 2023 and 2024. Account receivables were recorded within prepayments and other receivables, net and were RMB56,813 and RMB61,104 as of December 31, 2023 and 2024.

A contract liability exists when the Group has received consideration but has not transferred the related goods or services to the customer. The Group's contract liabilities consist of payments received from customers before they received the products, mainly related to offline sales of pre-owned electronics and online channel sales, in which the Group receives advance payments pursuant to the agreements with certain offline customers before the products are transferred. As of December 31, 2023 and 2024, balances of the contract liabilities were RMB119,715 and RMB98,834. The opening balances of RMB211,964, RMB195,369 and RMB119,715 were recognized in the years ended December 31, 2022, 2023 and 2024, respectively. The contract liabilities of December 31, 2024 is expected to be recognized in revenue in 2025. There were no costs of obtaining a contract for the years ended December 31, 2022, 2023 and 2024.

Geographic information

The following is the Group's net product and service revenues by geographical location:

	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Mainland China	8,014,495	10,778,594	14,383,324
Hong Kong	659,277	827,182	424,266
Others	2,900	52,522	36,826
<b>Net product revenues</b>	<b>8,676,672</b>	<b>11,658,298</b>	<b>14,844,416</b>
Mainland China	1,191,924	1,305,727	1,481,427
Hong Kong	826	1,749	2,176
Others	2	8	381
<b>Net service revenues</b>	<b>1,192,752</b>	<b>1,307,484</b>	<b>1,483,984</b>

**2.16 Merchandise costs**

Merchandise costs primarily consists of cost of acquired products, inbound shipping charges and inventory write-downs.

**2.17 Fulfillment expenses**

Fulfillment expenses consist primarily of expenses incurred in operating the Group's platform, centralized operation centers and stations, offline stores, warehouse operating costs such as personnel cost and expenses attributable to purchasing, receiving, inspecting and grading, packaging, and preparing customer orders for shipment, as well as outbound shipping charges.

**2.18 Technology and content expenses**

Technology and content expenses consist primarily of payroll and related expenses for technology and content employees involved in designing, developing and maintaining technology platform, and improving artificial intelligence, big data and cloud technologies and services, and technology infrastructure costs. Technology infrastructure costs include equipment depreciation, amortization and impairment of technology/platform, as well as data center costs. Technology and platform amortization is amortization of platform arising from acquisition of Paipai business. Technology and content expenses are expensed as incurred.

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**2. Summary of significant accounting policies—(Continued)**

**2.19 Selling and marketing expenses**

Selling and marketing expenses consist primarily of platform promotion expenses, channel commissions, advertising expenses, amortization expense, impairment loss and payroll and related expenses for employees involved in marketing and business development activities. Platform promotion expenses consist of Paipai coupons distributed on end consumers who are not customers of the Group on Paipai platform to promote transaction volume. Channel commissions consist of commission paid to sales channel providers and collection channel providers. Amortization expense consist of amortization of BCA, NCC, and brand names arising from the acquisition of Paipai business. Impairment loss consist of impairment loss of NCC, and brand names arising from the acquisition of Paipai business and were RMB200,708, nil and nil for the years ended December 31, 2022, 2023 and 2024, respectively. Advertising expenses consist of the fees of advertising across multiple platforms in connection with business development. Total advertising expenses were recognized as incurred, and were RMB82,921, RMB124,658 and RMB122,484 for the years ended December 31, 2022, 2023 and 2024, respectively.

**2.20 General and administrative expenses**

General and administrative expenses consist primarily of employee related expenses for general corporate functions, including accounting, finance, tax, legal and human relations; costs associated with these functions including facilities and equipment depreciation expenses, rental and other general corporate related expenses.

**2.21 Other operating income, net**

Other operating income, net consists primarily of government subsidies and reimbursements from ADR program. Government subsidies represent rewards provided by the relevant PRC municipal government authorities to the Group for business achievements made by the Group. Such subsidies allow the Group full discretion in utilizing the funds and are used by the Group for general corporate purposes. The local governments have final discretion as to whether the Group has met all criteria to be entitled to the subsidies. The Group does not in all instances receive written confirmation from local governments indicating the approval of the cash subsidy before cash is received. Government subsidies are recognized in other operating income, net in the consolidated statements of operations and comprehensive loss when the government subsidies are received and no further conditions need to be met.

**2.22 Share-based compensation**

The Group grants share options and restricted share units to the management team and other employees (collectively, “Share-based Awards”). The Group accounted for the Share-based Awards in accordance with ASC 718, Compensation—Stock Compensation. Share-based Awards with service conditions only are measured at the grant date fair value of the awards and recognized as expenses using the straight-line method, net of actual forfeitures, if any, over the requisite service period, with a corresponding impact reflected in additional paid-in-capital. Share-based Awards that are subject to both the service period and the occurrence of Qualified IPO as performance condition are measured at the grant date fair value and share-based compensation expenses are recognized for the cumulatively vested amount upon the completion of the IPO first and then over the remaining requisite service period. The grant date fair value of share options is determined by Binomial option pricing model. The grant date fair value of restricted share units is determined by the fair value of underlying ordinary shares. The expected term represents the period that share-based awards are expected to be outstanding, giving consideration to the contractual terms of the share-based awards, vesting schedules and expectations of future employee exercise behavior. Volatility is estimated based on annualized standard deviation of daily stock price return of comparable companies for the period before valuation date and with similar span as the expected expiration term. The Group accounts for forfeitures of the share-based awards when they occur. Previously recognized compensation cost for the awards is reversed in the period that the award is forfeited. Amortization of share-based compensation is presented in the same line item in the consolidated statements of operations and comprehensive loss as the cash compensation of those employees receiving the award.

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**2. Summary of significant accounting policies—(Continued)**

**2.23 Employee benefit expenses**

As stipulated by the regulations of the PRC, full-time employees of the Group are entitled to various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan and accrues for these benefits based on certain percentages of the qualified employees' salaries. The total expenses the Group incurred for the plan were RMB101,204, RMB101,858 and RMB104,966 for the years ended December 31, 2022, 2023 and 2024, respectively.

**2.24 Income taxes**

Current income taxes are provided for in accordance with the laws of the relevant tax authorities.

Deferred income taxes are provided using assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management consider all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation. Deferred tax assets are then reduced by a valuation allowance through a charge to income tax expense when, in the opinion of management, it is more likely than not that a portion of or all of the deferred tax assets will not be realized.

The Group accounts for uncertainty in income taxes recognized in the consolidated financial statements by applying a two-step process to determine the amount of the benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained (defined as a likelihood of more than fifty percent of being sustained upon an audit, based on the technical merits of the tax position), the tax position is then assessed to determine the amount of benefits to recognize in the consolidated financial statements. The amount of the benefits that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes. The Group did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the years ended December 31, 2022, 2023 and 2024.

**2.25 Operating leases**

Following the adoption of ASU No. 2016-02, Leases (Topic 842), the Group has elected the package of practical expedients, which allows the Group not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any expired or existing leases as of the adoption date. Lastly, the Group elected the short-term lease exemption for all contracts with lease terms of 12 months or less. Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term, not included in lease liabilities.

The Group evaluates whether an agreement constitute a lease by reviewing the contractual terms to determine which party obtains both the economic benefits and control of the assets at the inception of the contract. The Group has leased office and store premises for operating activities. All of the Group's leases with lease terms longer than 12 months have been deemed operating leases pursuant to the criteria in ASC Topic 842. The Group measures the operating lease liabilities at the commencement date based on the present value of remaining lease payments over the lease term, which is computed using the Group's incremental borrowing rate, an estimated rate the Group would be required to pay for a collateralized borrowing equal to the total lease payments over the lease term. Fixed lease payments are included in the measurement of operating lease liabilities and variable payments are recognized as lease expense in the period in which the obligation for those payments is incurred. The Group measures the operating lease right-of use assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Group begins recognizing operating lease expense based on lease payments on a straight-line basis over the lease term when the lessor makes the underlying asset available to the Group. Operating lease right-of-use assets is included in other non-current assets and current portion of operating lease liabilities is included in accrued expenses and other current liabilities.

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**2. Summary of significant accounting policies—(Continued)**

**2.26 Comprehensive loss**

Comprehensive loss is reported in the consolidated statements of operations and comprehensive loss. Accumulated other comprehensive loss, as presented on the accompanying consolidated balance sheets, represents accumulated foreign currency translation adjustments from its subsidiaries not using the RMB as their functional currency.

**2.27 Net loss per share**

Basic loss per share is computed by dividing net loss attributable to the holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. The Group had share options and non-vested restricted share units which could potentially dilute basic earnings per ordinary share in the future. To calculate the number of shares for diluted earnings per ordinary share, the effect of the ordinary shares issuable upon the exercise of outstanding share options and non-vested restricted share units is computed using the treasury stock method.

**2.28 Certain risks and concentrations**

The revenues and expenses of the Group's entities in the PRC are generally denominated in RMB and their assets and liabilities are denominated in RMB. The RMB is not freely convertible into foreign currencies. Remittances of foreign currencies into the PRC or remittances of RMB out of the PRC as well as exchange between RMB and foreign currencies require approval by foreign exchange administrative authorities and certain supporting documentation. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into other currencies. No customer individually represents greater than 10% of the total net revenues.

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, short-term investments, amount due from related parties and funds receivable from third party payment service providers and other receivables, net. The Group places its cash and cash equivalents, restricted cash, short-term investments with financial institutions with high-credit ratings and quality. Amount due from related parties and funds receivable from third party payment service providers primarily comprise of the receivable from customers, where the amount is under the Group's name on these online platforms. Due to the nature of the arrangement, the Group considers there to be no collection risks. Other receivables, net mainly consists of customer deposits where the Group paid on behalf of the business buyers for the purchase deposit and loan to business partners. The Group conducts credit evaluations on vendors and borrowers and require certain amounts of security deposits from them to manage its credit risk.

**2.29 Segment reporting**

Based on the criteria established by ASC 280, Segment Reporting, the Group's chief operating decision maker (the "CODM") has been identified as the chairman of the board of directors and chief-executive officer, who reviews consolidated results of the Group when making decisions about allocating resources and assessing performance. Hence, the Group has only one operating and reportable segment.

The CODM reviews net loss in evaluating financial performance and determining how to allocate resources of the Group, including marketing strategy, efficiency evaluation and monitoring budget versus actual results.

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**2. Summary of significant accounting policies—(Continued)**

**2.29 Segment reporting —(Continued)**

The table below provides Information about the Group’s segment and includes the reconciliation to net loss.

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Net product revenues	8,676,672	11,658,298	14,844,416
Net service revenues	1,192,752	1,307,484	1,483,984
<b>Less: Significant and other segment expenses</b>			
Merchandise costs	(7,596,613)	(10,338,870)	(13,086,418)
Other fulfillment expenses (Note I)	(1,079,407)	(1,100,604)	(1,361,624)
Other selling and marketing expenses (Note I)	(876,643)	(944,871)	(1,085,166)
Other general and administrative expenses (Note I)	(158,151)	(192,825)	(247,152)
Other technology and content expenses (Note I)	(192,944)	(173,135)	(191,736)
Share-based compensation expenses	(174,236)	(134,402)	(166,741)
Amortization of intangible assets and deferred cost resulting from assets and business acquisitions, net of tax effects	(247,285)	(247,023)	(155,614)
Impairment loss of deferred cost, intangible assets and goodwill	(2,097,257)	—	—
Other segment items (Note II)	85,175	9,698	(42,178)
<b>Net loss</b>	<b>(2,467,937)</b>	<b>(156,250)</b>	<b>(8,229)</b>

Note I: The other operating expenses are expenses excluding share-based compensation expenses, amortization of intangible assets and deferred cost resulting from assets and business acquisitions, net of tax effects and impairment loss of deferred cost, intangible assets and goodwill.

Note II: Other segment items including other operating income, net, interest expense and interest income, other (loss) income, net, current income tax expenses and share of loss in equity method investments.

**2.30 Recent accounting pronouncements**

**Recently issued accounting pronouncements not yet adopted**

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* (Topic 740). The ASU requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. The Group plans to adopt the standard when it becomes effective beginning in the fiscal year 2025, and expect the adoption of the standard will impact certain of income tax disclosures.

On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregated disclosure of income statement expenses for public business entities (PBEs). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. On January 6, 2025, the FASB issued ASU 2025-01 *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Group plans to adopt the standard when it becomes effective beginning in our fiscal year 2027 annual financial statements, and the Group is currently evaluating the impact this guidance will have on the disclosures included in the Notes to the Consolidated Financial Statements.

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**3. Prepayments and other receivables, net**

Prepayments and other receivables, net consist of the following:

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
Deposits	41,493	59,809
Customer deposits (1)	83,467	88,975
Account receivables	56,813	61,104
Advance to suppliers (2)	82,710	88,795
VAT recoverables	125,663	117,874
Loan to business partners (3)	122,531	134,463
Cash advanced to staff	43,556	41,831
Others	27,443	23,003
Less: allowance for credit losses	(16,054)	(17,809)
<b>Total</b>	<b>567,622</b>	<b>598,045</b>

- (1) The amount relates to the refundable deposits paid to merchants to whom the Group provides platform service.
- (2) The amount represents the prepayment to suppliers, mainly for purchasing pre-owned products.
- (3) The amount as of December 31, 2024 mainly includes the loan of US\$17.3 million to business partners with interest rate of 5% per annum.

The movements in the allowance for credit losses for prepayments and other receivables are as follows:

	<b>As of December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Balance as of January 1	935	2,358	16,054
Current period provision, net of recovery	6,293	24,423	13,147
Current period write-off	(4,870)	(10,727)	(11,392)
<b>Balance as of December 31</b>	<b>2,358</b>	<b>16,054</b>	<b>17,809</b>

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**4. Property, plant and equipment, net**

Property, plant and equipment, net consist of the following:

	As of December 31,	
	2023	2024
	RMB	RMB
<b>Cost</b>		
Machinery	63,714	75,597
Electronic equipment	74,834	89,606
Leasehold improvement	139,249	155,681
Furniture and office equipment	30,935	48,480
Buildings	—	24,518
Motor vehicles	3,258	1,466
Software	8,464	9,147
<b>Total</b>	<b>320,454</b>	<b>404,495</b>
Less: accumulated depreciation	(199,753)	(249,656)
Construction in progress	27,522	1,693
<b>Property, plant and equipment, net</b>	<b>148,223</b>	<b>156,532</b>

Depreciation expense was RMB45,815, RMB43,053 and RMB53,035 for the years ended December 31, 2022, 2023 and 2024, respectively.

**5. Intangible assets, net**

Intangible assets consist of the following:

	As of December 31,	
	2023	2024
	RMB	RMB
BCA	1,554,046	1,554,046
Brand names	321,000	321,000
NCC	79,141	79,141
Technology/platform	31,600	31,600
<b>Total</b>	<b>1,985,787</b>	<b>1,985,787</b>
Less: accumulated amortization	(1,508,231)	(1,722,259)
Less: accumulated impairment loss	(206,925)	(206,925)
<b>Intangible assets, net</b>	<b>270,631</b>	<b>56,603</b>

Amortization expenses related to intangible assets were RMB324,236, RMB274,019 and RMB214,028 for the years ended December 31, 2022, 2023 and 2024, respectively. The Group expects to record amortization expenses of RMB45,949, RMB3,114, RMB3,114, RMB3,114 and RMB1,312 for the years ending December 31, 2025, 2026, 2027, 2028, 2029 respectively.

In the impairment assessment performed in 2022, the Group concluded that the carrying amounts of the intangible assets exceeded their respective fair values and recorded impairment losses of RMB206,925 for the year ended December 31, 2022.

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**6. Long-term investments**

The Group's long-term investments consist of:

	As of December 31,	
	2023	2024
	RMB	RMB
<b>Equity method investments:</b>		
Qingdao Qingle Venture Capital Partnership (“Qingle”) (1)	30,070	30,256
Nantong Wanwuchuangxin Venture Capital Partnership (“Wanwuchuangxin”) (2)	57,333	56,654
Jinsong (Shanghai) Network Information Technology CO. Ltd (“Jinsong”) (3)	22,116	21,830
Other equity method investments	21,027	44,767
<b>Equity securities without readily determinable fair values:</b>		
Jinsong (Shanghai) Network Information Technology CO. Ltd (“Jinsong”) (3)	63,430	63,430
AiFenLei Global Co., Ltd. (“AiFenLei”) (4)	228,815	248,846
Other equity securities without readily determinable fair values	31,994	32,693
<b>Investments at fair value:</b>		
China Dynamic Fund I SP	12,310	57,660
<b>Total</b>	<b>467,095</b>	<b>556,136</b>

(1) Qingle

As of December 31, 2022, the Group held 11.95% equity interests of Qingle as its limited partner, amounted to RMB30,000 and accounted as an equity-method investment. In December 2023, after finishing a series of equity transactions of Qingle, the Group held 17.54% equity interest of Qingle.

(2) Wanwuchuangxin

In November 2021, the Group acquired 29.0% equity interest in Wanwuchuangxin, a limited partnership managed by an unrelated third party, as a limited partner with cash consideration of RMB29,000, and accounted for the investment as an equity-method investment. In July 2023, the Group made an investment with cash consideration of RMB17,400 with the shareholding remains at 29.0%.

(3) Jinsong

In September 2017, the Group disposed of its mobile phone rental platform to an entity jointly formed by shareholder of the Group and a former employee, Jinsong, and retained 30% shareholding with no board representation. The Group determined it did not have the ability to exercise significant influence over Jinsong and accounted for it under alternative measurement. In 2019, the Group made an additional RMB8,430 investment in preferred shares and RMB1,940 investment in ordinary shares.

In July 2021, the Group made another RMB55,000 investment in preferred shares and was entitled to nominate one director to the board. The Group accounted for the investment in ordinary shares of RMB28,370 under equity-method as the Group has the ability to exert significant influence over the investee in July 2021 and accounted for the investment in preferred shares of RMB63,430 under equity securities without readily determinable fair value as they are not in substance ordinary shares.

In November 2023, Jinsong repurchased its ordinary shares and preferred shares from certain shareholders, which resulted an increase in the Group's equity holding in ordinary shares and preferred shares. The total equity holding was 29.99% and 29.99% as of December 31, 2023 and 2024, respectively.

For the years ended December 31, 2022, 2023 and 2024, the Group recorded proportionately losses of RMB1,448, gains of RMB761 and losses of RMB 286 in share of loss in equity method investments, respectively.

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**6. Long-term investments—(Continued)**

(4) AiFenLei

In July 2019, the Group disposed of its household waste recycling business (“AiFenLei”) at zero consideration to the Founder and retained 52.5% economic rights without any voting or significant participating rights. The Group recognized RMB9,259 of loss upon disposal. The retained interest was accounted for under alternative measurement with minimal value at the time of the disposal due to the significant uncertainty associated with AiFenLei.

In January 2022, the Group made an additional RMB16,844 investment in preferred shares. The total equity holding was 33.9% as of December 31, 2022 due to passive dilution.

In March, 2023, the Group made another investment to AiFenlei for a total consideration of US\$40,000. The Group was entitled to nominate two members of the Board of Directors among seven members and had the ability to exercise significant influence over AiFenLei since then. The carrying amount of investment in the ordinary shares is nil. The total equity holding was 41.9% as of December 31, 2023.

In April 2024, the Group completed additional investments to AiFenlei for a consideration of US\$10,000 for new series of preferred shares investments and acquired certain shares from another shareholder of AiFenlei for a consideration of US\$2,000. The total equity holding was 40.33% as of December 31, 2024.

For the years ended December 31, 2023 and 2024, the Group recorded proportionately share of loss of RMB63,029 and RMB65,125, in share of loss in equity method investments, respectively.

**7. Other non-current assets**

Other non-current assets consist of the following:

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
Operating leases right-of-use assets (Note 18)	55,944	127,824
Others	24,467	24,270
<b>Total</b>	<b>80,411</b>	<b>152,094</b>

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**8. Short-term borrowings**

The Group entered into one-year credit facilities with several Chinese commercial banks that provide revolving line of credit for the Group. In 2023, the Group drawn-down RMB623,915 at the weighted average interest rate of 3.83% per annum and repaid the short-term bank borrowings in the amount of RMB273,983.

In 2024, the Group drawn-down RMB844,627 at the weighted average interest rate of 3.33% per annum and repaid short-term bank borrowings upon maturity in the amount of RMB969,558.

As of December 31, 2023 and 2024, the remaining balance of these loan agreements was RMB349,931 and RMB225,000, respectively, at weighted average interest rate of 3.51% and 3.02% per annum, respectively.

As of December 31, 2023 and 2024, the Group had unused one-year revolving credit facilities with several Chinese commercial banks to borrow up to RMB837,069 and RMB675,000, respectively for working capital needs.

**9. Accrued expenses and other current liabilities**

Accrued expenses and other current liabilities consist of the following:

	As of December 31,	
	2023	2024
	RMB	RMB
Deposits from business partner	228,187	240,727
Fulfillment payable	102,509	78,834
Other tax payable	69,421	95,732
Operating lease liabilities - current	33,509	49,992
Refund liabilities	8,159	28,403
Others	23,338	28,690
<b>Total</b>	<b>465,123</b>	<b>522,378</b>

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**10. Taxation**

**a) Value added tax (“VAT”)**

For sales of pre-owned consumer electronic products, the Group is subject to the VAT levy rate of 3% under the simplified method and is exempted by 1% in comply with relevant PRC VAT regulations of CaiShui [2009] No.9 and CaiShui [2014] No.57. The Group is subject to statutory VAT rate of 13% for sales of other products in the PRC. The Group is subject to VAT at the rate of 6% for service revenues.

**b) Income tax**

***Cayman Islands***

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

***Hong Kong***

Under the current Hong Kong Inland Revenue Ordinance, the Company’s subsidiaries incorporated in Hong Kong are subject to 16.5% Hong Kong profit tax on its taxable income generated from operations in Hong Kong. Commencing from the year of assessment 2018/2019, the first HKD 2 million of profits earned by its subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. Under the Hong Kong tax laws, the Company is exempted from the Hong Kong income tax on its foreign-derived income. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

***Mainland China***

Under the PRC Enterprise Income Tax Law (the “EIT Law”), the statutory enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. All of the Group’s PRC subsidiaries, consolidated former VIE and former VIE’s subsidiaries are subject to the statutory income tax rate of 25% except for Shanghai Wanwuxinsheng which obtained qualification as High and New Technologies Enterprises, or HNTE in 2021 and was entitled to a preferential EIT rate of 15% from 2021 to 2023 if certain conditions are met. In December 2024, Shanghai Wanwuxinsheng renewed the qualification as HNTE and is entitled to a preferential EIT rate of 15% from 2024 to 2026. So far, Shanghai Wanwuxinsheng is in accumulated loss status and has not enjoyed any income tax benefits from the HNTE status.

***Loss by tax jurisdictions***

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Loss (income) from Mainland China operations	2,616,828	109,968	(102,888)
Loss (income) from Hong Kong operations	167,207	(72)	72,313
(Income) loss from Cayman operations	(220,365)	41,724	25,479
Loss (income) from operations in other tax jurisdictions	9,579	(3,214)	5,538
Total loss before tax and share of loss of equity method investments	2,573,249	148,406	442

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**10. Taxation—(Continued)**

**b) Income tax—(Continued)**

The current and deferred portion of income tax expenses included in the consolidated statements of operations and comprehensive loss are as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Current tax expenses	43	1,124	1,537
Deferred tax benefits	(111,826)	(43,654)	(58,414)
<b>Total income tax benefits</b>	<b>(111,783)</b>	<b>(42,530)</b>	<b>(56,877)</b>

The reconciliation of total tax expenses computed by applying the respective statutory income tax rate to pre-tax income is as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
PRC income tax rate	25.00 %	25.00 %	25.00 %
Expenses not deductible for tax purposes	(20.25 %)	(20.63 %)	(9,026.84 %)
Super deduction on technology and content expenses	0.68 %	2.85 %	4,487.22 %
Effect of preferential tax rate for high-tech enterprises	(1.84 %)	(19.55 %)	1,105.04 %
Effect of different tax rates of a subsidiary operating in other jurisdictions	2.01 %	(7.33 %)	(2,880.81 %)
Effect of expired tax loss	—	(0.01 %)	—
Change in valuation allowance	(0.97 %)	71.18 %	18,154.30 %
True up	(0.29 %)	(22.85 %)	1,004.19 %
<b>Total</b>	<b>4.34 %</b>	<b>28.66 %</b>	<b>12,868.10 %</b>

If the preferential tax rate granted to an entity of the Group were not available, the Group's income tax benefits would have increased by RMB47,273, increased by RMB29,016 and decreased by RMB4,907 for the years ended December 31, 2022, 2023 and 2024, respectively. The basic and diluted net loss per share attributable to the Company would decrease by RMB0.29, decrease by RMB0.18 and increase by RMB0.03 for the years ended December 31, 2022, 2023 and 2024, respectively.

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**10. Taxation—(Continued)**

**b) Income tax—(Continued)**

Deferred tax assets and deferred tax liabilities:

	As of December 31,		
	2022	2023	2024
	RMB	RMB	RMB
<b>Deferred tax assets</b>			
Tax loss carried forward	276,958	134,981	73,415
Deductible temporary differences	83,132	111,726	95,404
Allowance for credit losses	250	4,111	3,888
Write-down of inventory	689	11,437	2,931
Unrealized fair value losses for certain investments	3,808	—	6,375
Impairment loss of long-term investments	3,047	—	—
Total deferred tax assets	367,884	262,255	182,013
Less: valuation allowance	(367,884)	(262,255)	(182,013)
Net deferred tax assets	—	—	—
<b>Deferred tax liabilities</b>			
Identifiable intangible assets and deferred cost acquired	111,312	67,658	9,244
Total deferred tax liabilities	111,312	67,658	9,244

The movement of deferred tax valuation allowance is as follows:

	As of December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Balance at beginning of the year	344,165	367,884	262,255
Additions (reductions), net of foreign exchange impacts	23,719	(105,629)	(80,242)
Balance at end of the year	367,884	262,255	182,013

As of December 31, 2022, 2023 and 2024, the Group had net operating loss carry forwards of approximately RMB1,140,585, RMB627,437 and RMB418,469, respectively, which arose from the subsidiaries, former VIE and former VIE's subsidiaries established in the PRC, Hong Kong. The loss carry forwards will expire until receive of notice from local tax authorities. The Group has provided a full valuation allowance for the deferred tax assets as of December 31, 2022, 2023 and 2024, as management is not able to conclude that the future realization of those net operating loss carry forwards and other deferred tax assets are more likely than not.

The deferred tax component of income tax benefits is related to the amortization and impairment of deferred tax liabilities resulting from the business and assets acquisitions.

In accordance with the EIT Law, dividends, which arise from profits of foreign invested enterprises ("FIEs") earned after January 1, 2008, are subject to a 10% withholding income tax. In addition, under tax treaty between the PRC and Hong Kong, if the foreign investor is incorporated in Hong Kong and qualifies as the beneficial owner, the applicable withholding tax rate is reduced to 5%, if the investor holds at least 25% in the FIE, or 10%, if the investor holds less than 25% in the FIE. The Company's subsidiaries, former VIE and former VIE's subsidiaries located in the PRC and Hong Kong were in accumulated deficit as of December 31, 2022, 2023 and 2024. Accordingly, no deferred tax liability has been accrued for the PRC dividend withholding taxes that would be payable upon the distribution of those amounts to the Company as of December 31, 2022, 2023 and 2024.

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**11. Ordinary shares**

The Group's ordinary shares was classified into Class A ordinary shares, Class B ordinary shares and Class C ordinary shares, with each Class A ordinary share being entitled to one vote, each Class B ordinary share being entitled to three votes and each Class C ordinary share being entitled to fifteen votes on all matters that are subject to shareholder vote. Class A ordinary shares, Class B ordinary shares and Class C ordinary shares are entitled to the same dividend right. The authorized 1,000,000,000 shares of the Group were comprised of 941,472,561 Class A ordinary shares, 47,240,103 Class B ordinary shares and 11,287,336 Class C ordinary shares.

**12. Share repurchase program**

On December 28, 2021, the Company's Board of Directors authorized a share repurchase program ("2021 Share repurchase program") under which the Company may repurchase up to US\$100,000 worth of its shares over a twelve-month period starting from December 28, 2021. The share repurchases may be made in accordance with applicable laws and regulations through open market transactions, privately negotiated transactions or other legally permissible means as determined by the management.

On December 28, 2022, the Company's Board of Directors authorized an extension of the Company's existing 2021 Share repurchase program for another twelve-month period expiring on December 27, 2023, with all other terms remain unchanged.

Under the 2021 Share repurchase program, for the years ended December 31, 2022 and 2023, the Company has repurchased an aggregate of 5,699,315 and 6,541,148 shares for total cash consideration of US\$33,835 and US\$22,647 (RMB217,920 and RMB160,068) on the open market, at a weighted average price of US\$5.94 and US\$3.46 per share.

On March 12, 2024, the Company's Board of Directors has authorized a share repurchase program ("2024 Share repurchase program"), under which the Company may repurchase up to US\$20,000 of its shares over a twelve-month period. On June 21, 2024, the Company's Board of Directors has approved modifications to the size and term of its existing share repurchase program adopted in March 2024, increasing the aggregate value of shares that may be repurchased from US\$20,000 to US\$50,000 and extending the effective term to June 27, 2025.

Under the 2024 Share repurchase program, for the year ended December 31, 2024, the Company has repurchased an aggregate of 6,866,106 shares for total cash consideration of US\$25,905 (RMB184,295) on the open market, at a weighted average price of US\$ 3.77 per share.

The Company accounts for the repurchased ordinary shares under the cost method and includes such treasury shares as a component of the shareholders' equity. The Company uses the weighted-average cost method for determining the cost of shares reissued for share-based awards.

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
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**13. Share-based compensation**

In March 2016, the Group’s shareholders and board of directors adopted the Amended and Restated Share Incentive Plan (“2016 Plan”) to grant share-based compensation awards to attract, motivate, retain and reward certain directors, officers, employees and other eligible persons and to further link the interests of award recipients with those of the Group’s shareholders. The maximum aggregate number of ordinary shares that may be issued under the 2016 Plan is 21,920,964 ordinary shares.

In 2021, the Group adopted the 2021 share incentive plan (“2021 Plan”), to promote the success and enhance the value of the Group by linking the personal interests of the directors, employees, and consultants to those of the Group’s shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Group’s shareholders. The maximum aggregate number of ordinary shares that may be issued under 2021 Plan is 6,021,619. The Group amended and restated 2021 Plan in March 2023 to expand the award pool to 12,150,080 shares, the source of which can be either new shares or treasury shares.

**Share options**

Under the 2016 Plan and 2021 Plan, options granted to employees vest upon satisfaction of a service condition. The Group granted 3,559,433 and 836,164 share options with service condition generally vested over four years to certain employees in 2022 and 2023, respectively. The Group granted 3,150,586 share options to certain employees in 2024, which is generally vested upon grant and vested on the first anniversary date of grant. The options expire in ten years from the date of grant.

In determining the fair value of the stock options, the binomial option pricing model was applied. The key assumptions used to determine the fair value of the options at the respective grant dates in 2022, 2023 and 2024 were as follows:

	<b>For the years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Expected volatility	47.80%~48.20%	49.00%~51.00%	57.71%~66.26%
Risk-free interest rate (per annum)	1.51%~2.94%	2.40%~2.97%	1.67%~2.24%
Exercise multiples	2.2~2.8	2.2~2.8	2.2~2.8
Expected dividend yield	0.00%	0.00%	0.00%
Fair value of underlying ordinary shares	RMB19.43~RMB62.05	RMB18.80~RMB32.19	RMB11.65~RMB29.22
Fair value of share option	RMB18.39~RMB61.01	RMB18.10~RMB31.48	RMB10.93~RMB28.50

The Group estimated expected volatility by reference to the historical price volatilities of ordinary shares of comparable companies over a period close to the contract term of the options. The Group estimated the risk-free interest rate based on the yield to maturity of U.S. government bonds at grant date with a maturity period close to the contract term of options, adjusted by country risk differential between U.S. and China. The Group estimated exercise multiples based on empirical research on typical employee stock option exercising behavior. The dividend yield was estimated as zero based on the plan to retain profit for corporate expansion and no dividend will be distributed in the near future. The Company used the closing price of ordinary shares on the grant date as the fair value of ordinary share on the grant date. The assumptions used in share-based compensation expenses recognition represent the Group’s best estimates, but these estimates involve inherent uncertainties and the application of judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period.

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
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**13. Share-based compensation—(Continued)**

Share options—(Continued)

The following table summarized the Group’s share option activities under the Option Plans for the year ended December 31, 2024:

	Number of options	Weighted average exercise price per share RMB	Weighted average grant date fair value per share RMB	Weighted average remaining contractual life Years	Aggregate intrinsic value RMB
<b>Outstanding as of December 31, 2023</b>	<b>13,881,531</b>	<b>0.70</b>	<b>31.64</b>	<b>5.90</b>	<b>271,092</b>
Granted	3,150,586	0.71	13.79		
Forfeited	(137,437)	0.71	37.54		
Exercised	(4,594,339)	0.71	20.04		
<b>Outstanding as of December 31, 2024</b>	<b>12,300,341</b>	<b>0.71</b>	<b>31.81</b>	<b>5.17</b>	<b>369,438</b>
Vested and expect to vest as of					
December 31, 2024	12,300,341	0.71	31.81		
Exercisable at December 31, 2024	<b>11,259,785</b>	<b>0.69</b>	<b>34.15</b>	<b>4.89</b>	<b>338,353</b>

The weighted-average grant-date fair value of options granted during the year 2022, 2023 and 2024 was RMB22.46, RMB25.45 and RMB13.79, respectively. The total intrinsic value of options exercised during the years ended December 31, 2022, 2023 and 2024, was RMB135,949, RMB101,351 and RMB92,074, respectively.

For the year ended December 31, 2024, share-based compensation expenses related to options of RMB130,947 has been recognized. As of December 31, 2024, there were RMB19,969 of total unrecognized compensation expenses related to options which is expected to be recognized over a weighted average period of 1.01 years.

**Restricted share units**

In 2022, the Group granted a total of 172,333 restricted share units (“RSUs”) to the management team under 2021 plan, among which 133,333 RSUs vested immediately upon grant, 9,000 RSUs vested on first and second anniversary date of grant and 30,000 RSUs vested on first, second and third anniversary date of grant. In 2024, the Group granted a total of 3,363,334 RSUs to the management team under 2021 plan, among which 3,333,334 of them vested 25% on each quarter end after granted and 30,000 RSUs vested on the first, second and third anniversary date of grant. Compensation expenses based on fair value are amortized over the requisite service period of award using the straight-line vesting attribution method.

A summary of the RSUs activities for the year ended December 31, 2024 is as follows:

	Number of RSU	Weighted average grant-date fair value RMB	Weighted average remaining contractual life Years
Outstanding as of December 31, 2023	30,000	20.53	1.77
Granted	3,363,334	11.65	—
Vested	(2,520,001)	11.93	—
Outstanding as of December 31, 2024	<u>873,333</u>	<u>12.17</u>	<u>0.17</u>

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

**13. Share-based compensation—(Continued)**

Restricted share units—(Continued)

The weighted-average grant-date fair value of RSUs granted during the year 2022, 2023 and 2024 was RMB22.98, nil and RMB11.65, respectively. The total intrinsic value of RSUs vested during the years ended December 31, 2023 and 2024 was RMB618 and RMB30,063, respectively and total intrinsic value of outstanding RSUs as of December 31, 2024 was RMB10,625.

The share-based compensation expenses related to RSUs of RMB4,295, RMB1,111 and RMB35,794 were recognized by the Group for the years ended December 31, 2022, 2023 and 2024, respectively.

As of December 31, 2024, there were RMB3,987 of total unrecognized compensation expenses related to RSUs for the future period.

The Group recorded share-based compensation expense of RMB174,236, RMB134,402 and RMB166,741 for the years ended December 31, 2022, 2023 and 2024, respectively, which were classified in the consolidated statements of operations as follows:

	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Fulfillment expenses	44,408	23,390	20,649
Selling and marketing expenses	36,104	17,240	68,858
General and administrative expenses	71,696	73,156	59,630
Technology and content expenses	22,028	20,616	17,604

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
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**14. Net loss per share**

Basic and diluted net loss per share for each of the year presented were calculated as follows. The Group had share options and non-vested restricted share units (Note 13) which could potentially dilute basic earnings per ordinary share in the future. The calculation of diluted net loss per share does not include the effect of share options and non-vested restricted share units shares as the effect of the inclusion was anti-dilutive.

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
<b>Numerator:</b>			
Net loss	(2,467,937)	(156,250)	(8,229)
<b>Denominator:</b>			
Weighted average number of ordinary shares used in computing basic and diluted loss per ordinary share (note)	162,819,410	162,160,835	161,618,799
<b>Net loss per ordinary share basic and diluted</b>	<b>(15.16)</b>	<b>(0.96)</b>	<b>(0.05)</b>

Note: The vested but not exercised share options and RSUs with nominal exercise price were included in the weighted average number of ordinary shares for the purpose of calculating basic loss per ordinary share.

As of December 31, 2022, 2023 and 2024, diluted net loss per share does not include the following instruments as their inclusion would be antidilutive:

	2022	2023	2024
Share Options	16,960,117	13,881,531	12,300,341
Non-vested restricted share units	55,500	30,000	873,333
<b>Total</b>	<b>17,015,617</b>	<b>13,911,531</b>	<b>13,173,674</b>

**15. Statutory reserves and restricted net assets**

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries, former VIE and former VIE's subsidiaries incorporated in PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The consolidated results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's subsidiaries.

Under PRC law, the Company's subsidiaries and consolidated former VIEs located in the PRC (collectively referred as the ("PRC entities")) are required to provide for certain statutory reserves, namely a general reserve, an enterprise expansion fund and a staff welfare and bonus fund. The PRC entities are required to allocate at least 10% of their after-tax profits on an individual company basis as determined under PRC accounting standards to the statutory reserve and has the right to discontinue allocations to the statutory reserve if such reserve has reached 50% of registered capital on an individual company basis. Amounts restricted include share capital and the statutory reserve of the Company's PRC subsidiaries, including the former VIE and its subsidiaries.

The balance of restricted net assets was RMB3,024,921 and RMB3,692,933 as of December 31, 2023, and 2024, respectively.

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
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**16. Related party transactions**

The table below sets forth major related parties and their relationships with the Group:

Company Names	Relationships with the Group
JD.com, Inc., its subsidiaries and affiliates ("JD Group")	A shareholder of the Group
Shanghai Gulin Technology Co., Ltd and its subsidiaries ("Gulin Group")	An investee of the Group
Jinsong and its subsidiaries ("Jinsong Group")	An investee of the Group
AiFenLei and its subsidiaries ("AiFenLei Group")	An investee of the Group
Shanghai Yuejun Environmental Protection Technology Co., Ltd. ("Yuejun")	An investee of the Group
Shanghai Quanfu Information Technology Co., Ltd ("Quanfu")	An investee of the Group

For the years ended December 31, 2022, 2023 and 2024, significant related party transactions were as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
<b>Net Product Revenues</b>			
Products sold to Gulin Group	—	—	134
<b>Net Service Revenues</b>			
Services provided to Jinsong Group	5,936	20,055	61,950
Services provided to Quanfu	—	—	2,506
<b>Merchandise costs</b>			
Purchase from Quanfu	—	—	1,553
Purchase from JD Group	10,849	—	—
Purchase from Jinsong Group	—	242	—
Purchase from Gulin Group(1)	242,929	49,115	—
<b>Operating expenses</b>			
Service received from JD Group(2)	363,764	438,431	566,549
<b>Purchase of property, plant and equipment</b>			
Purchase from AiFenLei Group	—	—	24,518
<b>Interest income from loans provided to related parties</b>			
	—	2,420	49
<b>Loan and repayment with related parties</b>			
Loan to Gulin Group	13,000	25,000	10,000
Loan to AiFenLei Group	—	70,000	171,703
Repayments from AiFenLei Group	—	70,000	180,000
Repayments from Gulin Group	13,000	25,000	10,000
Loan to Yuejun	—	—	2,250

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
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**16. Related party transactions—(Continued)**

As of December 31, 2023 and 2024, the amount due from/to related parties are as follows:

	As of December 31,	
	2023	2024
	RMB	RMB
Due from JD Group (4)	58,788	101,859
Due from Jinsong Group		
Other receivables from Jinsong Group	17,054	4,495
Due from AiFenLei Group		
Other receivables from AiFenLei Group	13,909	9,404
Due from Quanfu	—	1,040
Due from Yuejun	231	753
	89,982	117,551
Due to JD Group		
Other payables to JD Group (3)	76,026	108,505
Due to Jinsong Group	1,945	—
Due to Quanfu	—	1,122
Due to Yuejun	21	83
Due to Gulin Group	40	20
	78,032	109,730

- (1) Gulin Group is one of the new product suppliers of the Group, the Group mainly purchases new products from Gulin.
- (2) JD Group mainly provides services related to the business on Paipai platform, including channel sales services, advertising services, logistic services and so on. In May 2024, the Group renewed the BCA with JD Group for a term from June 1, 2024 to December 31, 2027 regarding channel sales services, advertising services and so on.
- (3) Other payables to JD Group mainly include channel commissions payable to JD Group.
- (4) Amount due from JD Group includes fund receivables from payment service provider of JD Group, cash collected by JD Group from third party merchants on behalf of the Group, and advance payment to customers on behalf of JD Group.

**17. Supply chain financing**

Starting from 2023, China Merchants Bank (the “CMB”) offer supply chain financing services to the Group’s suppliers. Suppliers can sell one or more of the Group’s payment obligations at their sole discretion to the CMB to receive funds ahead of time to meet their cash flow needs. The Group’s rights and obligations are not impacted. The original payment terms, timing or amount, remain unchanged. The Group pledged cash in the amount of RMB132,000 as security of guarantees for the supply chain financing as of December 31, 2024.

The changes in the Group’s outstanding payment obligations confirmed as valid under the supplier chain financing program for the year ended December 31, 2023 and 2024, are as follows:

	Year ended December 31,	Year ended December 31,
	2023	2024
	RMB	RMB
Balance at beginning of the year	—	456,965
Purchase from suppliers	895,161	384,375
Payment to suppliers	(438,196)	(307,662)
Balance at ending of the year	456,965	533,678

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
(Amounts in thousands, except for share, per share data or otherwise noted)

**18. Leases**

The Group has leased office, operation centers and store premises under operating lease agreements for the periods from 2021 to 2034. As of December 31, 2023 and 2024, the Group had no long-term leases that were classified as a financing lease.

For the year ended December 31, 2022, 2023 and 2024, the lease expense is as follow:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Operating lease expense	57,302	50,183	60,232
Short-term lease expense	66,016	72,673	82,934
<b>Total lease expense</b>	<b>123,318</b>	<b>122,856</b>	<b>143,166</b>

Supplemental consolidated balance sheet information related to leases was as follows:

	As of	As of
	December 31,	December 31,
	2023	2024
	RMB	RMB
<b>Operating lease:</b>		
Operating leases right-of-use assets (note)	55,944	127,824
Current portion of lease liabilities	33,509	49,992
Non-current portion of lease liabilities	22,495	79,934
<b>Total operating lease liabilities</b>	<b>56,004</b>	<b>129,926</b>
Weighted-average remaining lease term (in years) – operating leases	2.24	4.66
Weighted-average discount rate – operating leases	5.31 %	3.63 %

Note: The amount of operating leases right-of-use assets is presented within other non-current assets in the consolidated balance sheets.

As of December 31, 2024, future minimum lease payments under non-cancellable operating lease agreements for which the Group has recognized operating lease right-of-use assets and liabilities are as follows:

Years ending	RMB
2025	53,688
2026	35,526
2027	14,707
2028	5,724
2029 and thereafter	30,383
Total undiscounted cash flows	140,028
Less: imputed interest	(10,102)
<b>Total</b>	<b>129,926</b>
Lease liabilities due within one year	49,992
Lease liabilities due after one year	79,934
<b>Short-term lease commitment:</b>	
2025	40,594

**ATRENEW INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**  
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**19. Commitments and contingencies**

**Commitments**

The Group has entered into contracts to use store premises that are not qualify for leases under ASC 842 as the lessors have substantive right to substitute the assets throughout the period of use. The expenses incurred under such contracts during the year ended December 31, 2024 were RMB747. Future payments under these non-cancellable contracts are RMB815 and RMB34 for the years ending 2025 and 2026, respectively.

**Contingencies**

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. The Group does not have any pending legal or administrative proceeding to which the Group is a party that will have a material effect on its business or financial condition.

**SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY  
ATRENEW INC.**

**CONDENSED BALANCE SHEETS**

(Amounts in thousands, except for share, per share data or otherwise noted)

	As of December 31,		
	2023 RMB	2024 RMB	2024 US\$
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	22,199	12,267	1,681
Short-term investments	71,570	40,184	5,505
Prepayments and other receivables, net	53,665	50,631	6,936
<b>Total current assets</b>	<b>147,434</b>	<b>103,082</b>	<b>14,122</b>
<b>Non-current assets:</b>			
Long-term investments	5,628	51,783	7,094
Investments in and amounts due from subsidiaries	3,559,862	3,542,000	485,252
<b>Total non-current assets</b>	<b>3,565,490</b>	<b>3,593,783</b>	<b>492,346</b>
<b>TOTAL ASSETS</b>	<b>3,712,924</b>	<b>3,696,865</b>	<b>506,468</b>
<b>LIABILITY</b>			
<b>Current liability:</b>			
Accrued expenses and other current liabilities	1,463	2,313	316
<b>Total current liability</b>	<b>1,463</b>	<b>2,313</b>	<b>316</b>
<b>TOTAL LIABILITY</b>	<b>1,463</b>	<b>2,313</b>	<b>316</b>
<b>SHAREHOLDERS' EQUITY</b>			
Class A Ordinary shares (US\$0.001 par value, 941,472,561 and 941,472,561 shares authorized, 102,120,726 and 106,787,392 shares issued and 87,795,879 and 88,024,113 outstanding as of December 31, 2023 and 2024, respectively)	609	641	88
Class B Ordinary shares (US\$0.001 par value, 47,240,103 shares authorized, issued and outstanding as of December 31, 2023 and 2024, respectively)	305	305	42
Class C Ordinary shares (US\$0.001 par value, 11,287,336 shares authorized, issued and outstanding as of December 31, 2023 and 2024, respectively)	7	7	1
Additional paid-in capital	13,268,487	13,358,237	1,830,071
Treasury shares (US\$0.001 par value, 12,240,463 and 16,439,902 shares as of December 31, 2023 and 2024, respectively)	(377,988)	(483,806)	(66,281)
Accumulated deficit	(9,163,134)	(9,171,363)	(1,256,472)
Accumulated other comprehensive loss	(16,825)	(9,469)	(1,297)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,711,461</b>	<b>3,694,552</b>	<b>506,152</b>
<b>TOTAL LIABILITY AND SHAREHOLDERS' EQUITY</b>	<b>3,712,924</b>	<b>3,696,865</b>	<b>506,468</b>

**SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY**  
**ATRENEW INC.**  
**CONDENSED STATEMENTS OF COMPREHENSIVE LOSS**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Years ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US\$
<b>Net revenues</b>	—	—	—	—
<b>Income(loss) and expenses</b>				
Selling and marketing expenses	—	(72)	—	—
General and administrative expenses	(15,909)	(15,079)	(15,285)	(2,094)
Other operating income	22,869	9,512	18,360	2,515
Interest income	—	—	2	0
Interest expenses	(1,297)	—	—	—
Share of loss in equity method investment	—	(12,644)	(14,213)	(1,947)
Other income, net	207,914	50,480	7,921	1,085
Equity in losses of subsidiaries and share of loss from former VIE and former VIE's subsidiaries	(2,681,514)	(188,447)	(5,014)	(687)
<b>Net loss</b>	<b>(2,467,937)</b>	<b>(156,250)</b>	<b>(8,229)</b>	<b>(1,128)</b>
Foreign currency translation adjustments	(30,030)	8,883	7,356	1,008
<b>Total comprehensive loss</b>	<b>(2,497,967)</b>	<b>(147,367)</b>	<b>(873)</b>	<b>(120)</b>

The accompanying notes are an integral part of these consolidated financial statements. "0" in above table means less than RMB 1,000.

**SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY  
ATRENEW INC.**

**CONDENSED STATEMENTS OF CASH FLOWS**

(Amounts in thousands, except for share, per share data or otherwise noted)

	Years ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US\$
<b>Cash provided by operating activities</b>	<b>37,835</b>	<b>7,869</b>	<b>6,154</b>	<b>843</b>
<b>Cash flows from investing activities:</b>				
Purchase of long-term investments	(12,644)	—	(56,738)	(7,773)
Purchase of short-term investments	—	(71,570)	—	—
Investments in and loan to subsidiaries' and former VIE's subsidiaries	(595,130)	(14,573)	(226,642)	(31,050)
Collection of investments in and loan to subsidiaries' and former VIE's subsidiaries	804,743	223,171	450,071	61,660
<b>Cash provided by investing activities</b>	<b>196,969</b>	<b>137,028</b>	<b>166,691</b>	<b>22,837</b>
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of options	2,864	2,822	1,518	208
Repurchase of ordinary shares	(217,920)	(160,068)	(184,295)	(25,248)
Repayment for short-term borrowings	(30,720)	—	—	—
<b>Cash used in financing activities</b>	<b>(245,776)</b>	<b>(157,246)</b>	<b>(182,777)</b>	<b>(25,040)</b>
Net decrease in cash, cash equivalents	(10,972)	(12,349)	(9,932)	(1,360)
Cash, cash equivalent at the beginning of the year	45,520	34,548	22,199	3,041
Cash, cash equivalent at the end of the year	34,548	22,199	12,267	1,681
<b>Supplemental cash flow disclosures of continuing operations:</b>				
Interest expenses paid	(1,297)	—	—	—

**SCHEDULE I**  
**NOTES TO CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY**

1. Schedule I has been provided pursuant to the requirements of Rule 12-04(a) and 5-04(c) of Regulation S-X, which require condensed financial information as to the financial position, changes in financial position and results of operations of a parent company as of the same date and for the same period for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

2. The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries and former VIE. For the parent company, the Company records its investments in subsidiaries and former VIE under the equity method of accounting as prescribed in ASC 323, *Investments—Equity Method and Joint Ventures*. Such investments are presented on the Condensed Balance Sheet as “Investments in subsidiaries, former VIE and former VIE’s subsidiaries” or and the subsidiaries and former VIE’ profit or loss as “Equity in losses of subsidiaries and share of loss from former VIE and former VIE’s subsidiaries” on the Condensed Statements of Comprehensive Income (loss). Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule I, the parent company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries and former VIE regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.

3. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The footnote disclosures provide certain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the accompanying consolidated financial statements.

4. Besides the guarantee on the short-term borrowings of the subsidiaries as of the year ended December 31, 2024, there were no other material contingencies, significant provisions of long-term obligations, guarantees of the Company for the years ended December 31, 2022, 2023 and 2024.

## Business Cooperation Framework Agreement

This Business Cooperation Framework Agreement (“**Agreement**”) was entered into by and between the following Parties on June 1, 2024 (“**Effective Date**”):

- (1) **Party A: Beijing Jingdong Century Trading Co., Ltd.**, a company duly incorporated in accordance with the laws of China (for the purpose of this Agreement, Party A and its affiliates are collectively referred to as “**JD**”);
- (2) **Party B: Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.**, a company duly incorporated in accordance with the laws of China (for the purpose of this Agreement, Party B and its affiliates are collectively referred to as “**ATRenew**”).

For the purpose of this Agreement, the parties above are referred to as the “Parties” collectively and a “Party” individually.

### Whereas:

1. JD’s main business includes self-operated and platform electronic commerce businesses operated through its official website and mobile applications;
2. ATRenew’s main business includes the recycling, sales, and relevant services of pre-owned electronic products and other pre-owned products;
3. The Parties intend to engage in relevant business cooperation in accordance with the terms and conditions hereof to integrate business resources and give full play to their respective advantages.

Now, therefore, the Parties agree as follows upon mutual negotiation:

### 1. Definitions

For the purpose of this Agreement, the following terms have the following meanings:

- 1.1. “**Affiliate**”: with respect to any entity, means another entity or person that, directly or indirectly, is controlled by, controls, or is under common control with such entity by a third party. For the purpose of this Agreement, “control” means holding over 50% equity interests or voting power in an entity, or owning the authority to designate over a half of directors or members of a similar management body of such entity, or owning the actual power of decision and control over the operation of such entity through agreement or by other means (including through VIE control). Notwithstanding any other provisions hereof, for the purpose of this Agreement, ATRenew shall not be considered as an Affiliate of JD, and vice versa.
- 1.2. “**Force Majeure**”: means events which occur after the Effective Date of this Agreement, prevent either Party from performing or partially performing this Agreement, cannot be controlled, avoided, overcome, or solved by the Parties, and are unforeseeable at the time of executing this Agreement, including but not limited to earthquakes, typhoons, floods, wars, international or domestic transportation interruptions, power, network, computer, communication or other system failures, strikes (including internal strikes or labor unrest), labor disputes, actions of government agencies, and orders of international and domestic courts. For the avoidance of doubt, such events constitute Force Majeure only when they cannot be controlled, avoided, overcome, or solved by the Parties hereto, and are not always Force Majeure.
- 1.3. “**China**” or “**Chinese Mainland**”: means the People’s Republic of China, for the purpose of this Agreement only, excluding Taiwan, Hong Kong Special Administrative Region, and Macao Special Administrative Region.
- 1.4. “**Paipai Marketplace**”: collectively refers to the following businesses operated by ATRenew on the JD Platform:
  - (1) “pre-owned sales business”, meaning the “ATRenew self-operated sales business” (the business in which ATRenew sells pre-owned goods as a seller on the JD Platform) and “pre-owned POP merchant sales business” (the sales business of pre-owned goods operated by Pre-owned POP Merchants on the JD Platform through various means), but excluding the pre-owned sales business of Overseas Goods; the types covered shall be subject to the Catalogue agreed between the Parties;

- (2) “goods recycling business”, meaning the “ATRenew self-operated recycling business” (the recycling business in which ATRenew purchases, as the recycler, the property rights in user’s goods on the JD Platform) and “pre-owned POP merchant recycling business” (the recycling business operated by Pre-owned POP Merchants on the JD Platform through various means); the types covered shall be subject to the Catalogue agreed between the Parties;
- (3) “user resale business” (the business in which users resell their idle goods through the JD Platform).
- 1.5. “**Overseas Goods**”: includes (1) goods produced by the regions/countries outside the Chinese Mainland; (2) goods sold to the Chinese Mainland from the regions/countries outside the Chinese Mainland (including but not limited to the products shipped from the countries or regions outside the Chinese Mainland via international logistics together overseas purchase certificates, or shipped from the bonded areas in China in accordance with national laws, excluding licensed 3C products sold in China); and (3) goods that are sold to the regions/countries outside the Chinese Mainland through JD Global.
- 1.6. “**ATRenew Self-operated Business**”: includes the ATRenew self-operated recycling business and the ATRenew self-operated sales business.
- 1.7. “**Pre-owned POP Merchant**”: means third-party merchants that sell pre-owned goods and/or recycle pre-owned goods on the JD Platform (third-party merchants other than JD and ATRenew), including merchants that engage in the sales and/or recycling of pre-owned goods by establishing and operating a pre-owned POP store, commissioning ATRenew for the consignment sales/entrusted management/operation/marketing, etc.
- 1.8. “**Pre-owned POP Business**” includes the pre-owned POP merchant sales business and the pre-owned POP merchant recycling business.
- 1.9. “**JD Platform**”: means the website JD.com, JD APP, JD WeChat Entrance and Applet, and JD Mobile Q, operated by JD.
- 1.10. “**JD Platform Rules**”: means any normative documents that are related to merchant/store operation and updated, adjusted, and amended, from time to time, on the “JD Platform”, including but not limited to the merchant handbook, merchant background announcements, merchant background help center, privacy policy, etc.
- 1.11. “**JD APP**”: means the mobile application service platform operated by JD under the name of “JD”.
- 1.12. “**JD WeChat Entrance and Applet**”: means the entrances (excluding WeChat) on WeChat that are existing and updated, adjusted, or modified, from time to time, by JD in accordance with the agreement between JD and Tencent and the WeChat applets (excluding WeChat) operated by JD on WeChat, including (1) the “Shopping” entrance on the “Discovery” page on WeChat in existing versions; and (2) the WeChat applet named “JD Shopping” (excluding the entrances or WeChat applets that are terminated from the termination thereof after the Effective Date).
- 1.13. “**JD Mobile Q**”: means the channels that are existing and updated, adjusted, or modified, from time to time, by JD in accordance with the agreement between JD and Tencent on Tencent’s mobile QQ, including the channel named “JD Shopping” (excluding the channels that are terminated from the termination thereof after the Effective Date).
- 1.14. “**JD Technology**”: means Jingdong Technology Holding Co., Ltd. and Affiliates under its control.
- 1.15. “**JD Logistics**”: means JD Logistics, Inc. and Affiliates under its control.
- 1.16. “**Allianz JD**”: means Allianz Jingdong General Insurance Company Ltd.
- 1.17. “**Old-for-new Service**”: means a new model released by JD in cooperation with ATRenew to consumers in the manner of online sales by JD and on-site delivery and door-to-door services by ATRenew, in which consumers can purchase a new product while offsetting the value with an old product.
- 1.18. “**Cooperation Period**”: from June 1, 2024 to December 31, 2027.
2. Territory Scope of Business Cooperation
- Unless otherwise explicitly provided in specific provisions hereof, the territory scope of the cooperation and/or restrictions hereunder is limited to the Chinese Mainland.
3. Main Content of Business Cooperation

**3.1. Arrangement for the operation of the pre-owned business:**

- 3.1.1. During the Cooperation Period, the Pre-owned POP Business listed in Article 1.4 hereof shall be operated jointly by ATRenew and JD, for which the business invitation arrangement, merchant royalty, operation solutions, and all the operating strategies shall be determined jointly by ATRenew and JD, and ATRenew is responsible for inviting Pre-owned POP Merchants and the operation and management in accordance with the strategies jointly determined by the Parties.
- 3.1.2. During the Cooperation Period, except for the Paipai Marketplace, JD may operate, by itself or in cooperation with others, the pre-owned sales/recycling business within the following scope:
- (1) JD has the right to engage in the self-operated sales business of pre-owned goods of all types and the self-operated recycling business of pre-owned goods of all types (excluding recycling of mobile phones and tablet computers from personal users). The operating strategies for JD's self-operated sales and recycling businesses shall be decided by JD itself; provided, however, that JD shall cooperate with ATRenew first under equal conditions if, during the process of business operation, JD intends to engage in the pre-owned sales or recycling business with the companies other than JD.
  - (2) The recycling business of pre-owned mobile phones and tablet computers from personal users on the JD Platform shall be exclusively operated by ATRenew. Without the consent of ATRenew, JD shall not operate the recycling business of pre-owned mobile phones and tablet computers from individual users by itself.
  - (3) The recycling business of pre-owned goods of all types from corporate users and the pre-owned sales business of Overseas Goods shall be operated by JD.
- 3.1.3. If ATRenew intends to engage in the sales business of pre-owned goods and/or recycling business of pre-owned goods other than the types involved under the "Paipai Marketplace" specified in Article 1.4 hereof, the Parties shall engage in friendly negotiation in advance to determine the operation method of such types, and correspondingly update the Catalogue after reaching a consensus. Notwithstanding the foregoing, without the prior consent of JD, ATRenew shall not operate any business (including the sales business of pre-owned goods and/or recycling business of pre-owned goods of other types than those listed) on the JD Platform other than those listed under "Paipai Marketplace" specified in Article 1.4 hereof. If the Parties intend to explore and implement a new business model, they shall separately negotiate on the specific arrangement, including pricing, profit sharing principle, etc.

**3.2. Royalty and sharing of advertisement incomes:**

- 3.2.1. During the Cooperation Period, the Parties will settle royalties and share advertisement incomes in accordance with provisions therebetween for Paipai Marketplace.

**3.3. Performance objectives:**

- 3.3.1. The annual performance objectives of Paipai Marketplace operated by ATRenew on the JD Platform shall be determined jointly by ATRenew and JD.

**3.4. Cooperation on entrance resources:**

- 3.4.1. JD undertakes to provide, during the Cooperation Period, certain entrance resources on the JD APP for the operation of Paipai Marketplace on the JD Platform by ATRenew, which shall be subject to separate negotiation between the Parties subsequently.

**3.5. Collaboration and support:**

- 3.5.1. JD undertakes to provide collaboration and support services to ATRenew according to ATRenew's requirements during the Cooperation Period, and ATRenew shall pay service fees to JD at market prices; the specific service content shall be subject to separate negotiation between the Parties subsequently. Meanwhile, for the purpose of providing collaboration and support by JD to ATRenew, JD undertakes that its retail sub-group shall designate a dedicated contact person to establish a communication and support mechanism with ATRenew.
- 3.5.2. The Parties agree to jointly engage in the development of the management system and settlement system for the system-based management and settlement under Paipai Marketplace between

ATRenew and JD, where the components to be developed shall specifically include modules for fee management, goods management, order management, after-sales management, etc.; JD shall assist ATRenew in the connection to and compatibility of the newly developed system with JD's internal system. The Parties shall separately enter into a specific technical service agreement to specify the sharing of costs and expenses for labor costs, technical costs, etc. required for the development of the new system.

### **3.6 Other areas of cooperation:**

- 3.6.1. ATRenew undertakes to first use the following services provided by JD or the following relevant entities in its business; and ATRenew undertakes to make full use of various resources provided by JD to achieve effective business synergy.
  - (1) JD Technology's financial products, such as payment, JD credit, insurances, etc.;
  - (2) JD Logistics' warehousing and logistics services;
  - (3) JD Cloud's public cloud, operation and maintenance, smart customer services, etc.; where JD Cloud's functions can meet ATRenew's operating requirements, ATRenew shall migrate the modules, in whole or in part, of its system to JD Cloud;
  - (4) Allianz JD (including but not limited to extended warranty services for mobile phones and other products).
- 3.6.2. When purchasing any financial, warehouse and logistics, cloud product, insurance, and other services above, ATRenew shall send an invitation to offer to JD or a relevant entity above before or at the same time of sending an invitation to offer to other service providers. Where JD or a relevant entity above is not inferior to a third party in terms of service prices and payment conditions, ATRenew shall purchase and use the services provided by JD or the relevant entity above.

### **3.7. Other requirements on operating Paipai Marketplace:**

- 3.7.1. During the Cooperation Period, ATRenew agrees to, for the purpose of the transaction hereunder only, grant to JD a royalty-free, long-term, and non-exclusive license of trademarks associated with Paipai Marketplace, where such trademarks include but are not limited to graphic and/or text trademarks associated with "Paipai", "拍拍", "拍拍二手", and "拍拍回收". JD has the right to and only to use such trademarks for the cooperation between JD and ATRenew hereunder.
- 3.7.2. Unless otherwise agreed by the Parties, the Paipai Marketplace operated by ATRenew on the JD Platform will continue to be operated under the relevant domain name of JD and on the JD Platform, and JD undertakes to continuously support, in terms of operation, system research and development, traffic resources, etc., the operation of Paipai Marketplace by ATRenew on the JD Platform according to the agreement between the Parties and the cooperation practices between the Parties.
- 3.7.3. With respect to the operation of Paipai Marketplace, to clarify the cooperation relationship among JD, ATRenew and Pre-owned POP Merchants: ATRenew shall enter into a platform technical service agreement with JD, Pre-owned POP Merchants shall enter into an operation and support cooperation agreement with ATRenew, and Pre-owned POP Merchants shall commission ATRenew to enter into a platform entrance agreement with JD on their behalf. Under the cooperation mode above, ATRenew shall collect security deposits, technical service fees, royalties, and other charges from Pre-owned POP Merchants for the provision of technical support and operating services, and ATRenew shall pay royalties to JD in accordance with the provisions hereof as the service fees of JD for providing platform services. For further clarity, with respect to complaints, regulatory, punishment, litigation, and other matters occurring during the operation of Paipai Marketplace, ATRenew shall fully cooperate with JD in handling the foregoing and bear relevant handling costs, expenses, and liabilities, and ATRenew shall compensate JD if JD suffers losses due to improper operating acts of ATRenew; where JD suffers losses due to improper operating acts of a Pre-owned POP Merchant, such Pre-owned POP Merchant and ATRenew shall bear corresponding liabilities according to the specific agreement with ATRenew on entering the JD Platform, and the Parties shall make more detailed provisions on the rights, obligations, compensation liabilities, etc. between ATRenew and JD in the platform technical service agreement or other written agreements. ATRenew undertakes and guarantees that Paipai Marketplace and other businesses (if any) approved by JD for

operation on the JD Platform shall be implemented in strict compliance with applicable laws and regulations of China and other regions/countries and JD Platform Rules.

- 3.7.4. During the Cooperation Period, ATRenew shall guarantee the best and most competitive quality of goods, quality of services, and business pricing under equal conditions for the pre-owned business operated on the JD Platform, and provide the most preferential treatment on the JD Platform in terms of the quality of goods, quality of services, and pricing, for which the details shall be subject to separate negotiation between the Parties.

#### 4. Effectiveness and Termination of Agreement

- 4.1. This Agreement shall take effect as of the Effective Date after being signed by the Parties. Unless otherwise agreed, this Agreement shall terminate upon the expiration of the Cooperation Period.
- 4.2. During the term of this Agreement, this Agreement may be terminated early through negotiation by the Parties.
- 4.3. Where this Agreement is terminated for any reason, the Parties will no longer perform the provisions hereof; provided, however, that Article 4.3, Article 7, Article 10, Article 11, and Article 12 shall survive such termination.

#### 5. Intellectual Property Rights and Data

- 5.1. Unless the relevant parties separately enter into a specific agreement on the transfer of intellectual property rights, the title to any materials, information, and the intellectual property rights therein provided by any Party to the other Party for the purpose of this Agreement shall not be changed merely due to the cooperation hereunder.
- 5.2. Unless otherwise explicitly provided herein or the relevant parties separately enter into a specific authorization or license agreement on intellectual property rights, without the prior written consent of the right holder, neither Party may use or duplicate the patents, trademarks, names, logos, commercial information, technical and other data and materials, domain names, copyright, or otherwise intellectual property rights of the other Party, or apply for intellectual property rights similar to the foregoing.
- 5.3. The ownership of new intellectual property rights created during the business cooperation between the Parties hereunder shall be subject to separate specific negotiation between the Parties.
- 5.4. If any Party infringes the intellectual property rights or other legitimate rights of the other Party during the cooperation hereunder, or provides products, services, materials, etc. that infringe the intellectual property rights or other legitimate rights of a third party, causing losses to the other Party, such Party shall make compensation for such losses.

#### 6. Force Majeure

- 6.1. Where the performance of this Agreement is delayed due to Force Majeure, neither Party shall be deemed as violating this Agreement, and neither Party shall be held liable for making compensation for the damages arising therefrom as long as such Party endeavors to eliminate the cause of such delay, tries its best (including but not limited to seeking and using alternative tools, manners, etc.) to eliminate the damages caused by Force Majeure, and within fifteen (15) working days from the elimination of the force majeure factor (excluding the date of elimination), notifies the other Party of the fact and possible damages of such Force Majeure. During the delay period, the Party suffering Force Majeure shall implement a reasonable alternative solution, make replacement, or use other commercially reasonable measures to promote the performance of its obligations hereunder until the delay is eliminated.

#### 7. Confidentiality

- 7.1. The Parties acknowledge and confirm that any oral or written materials exchanged in connection with this Agreement, this Agreement, and the content of this Agreement are confidential information. The Parties shall keep the confidentiality of such confidential information, and without the written consent of the other Party, neither Party may disclose any relevant confidential information to any third party, except for the following circumstances: (1) the information is known to the public (not due to disclosure by the recipient of the materials or its Affiliates or staff to the public without permission); (2) the information is disclosed as required by applicable laws, competent government authorities, competent stock exchanges, and relevant rules or regulations of relevant stock exchanges; or (3) any Party needs to disclose the materials to its legal

or financial advisors with respect to the cooperation under this Agreement, provided that such legal or financial advisors shall also comply with the confidentiality obligations similar to this article.

7.2. The Parties undertake to use the confidential information provided by the other Party above only for matters provided herein, and shall destruct or return such confidential information at the request of the other Party upon the termination of this Agreement. The violation by the Affiliates, or employees of a Party or its Affiliates, or institutions engaged by such Party of the provisions of Article 7 shall be deemed as a violation by the Party itself, and therefore such Party shall be held liable for violation of Agreement. This provision shall survive the invalidity, rescission, or termination of this Agreement for any reason.

#### 8. Taxes and Charges

8.1. Unless otherwise provided herein, the taxes and charges incurred for the execution and performance of this Agreement shall be borne by the Parties respectively in accordance with the provisions of applicable laws.

#### 9. Representations and Warranties

The Parties hereto make the following representations and warranties to each other:

9.1. it is a company duly incorporated and validly existing;

9.2. it has the authority to enter into this Agreement, and its authorized representative has been fully authorized to sign this Agreement on its behalf;

9.3. it is not required to file or send any notice to any government authority for the execution, delivery, and performance of this Agreement, or obtain any license, permit, consent, or other approval from any government authority or any other person; and

9.4. it has the capabilities of performing its obligations hereunder, and its performance of such obligations will not violate its articles of association and other organizational documents.

9.5. In the event of a conflict between any legal document executed by any Party prior to the execution of this Agreement and the provisions hereof, such Party shall notify the other Party in writing immediately on the principles of good faith, honesty, and friendship, and the Parties shall separately negotiate to work out a solution. If any loss is caused to the other Party due to the conflict between such prior legal document and this Agreement, the Party is obligated to compensate the other Party on the ground of violation of Agreement.

9.6. If, during the performance of relevant obligations hereunder, any Party discovers that it needs any third-party license, consent, or approval, such Party shall notify the other Party in writing within thirty (30) days from the discovery of such matter, and shall try its best to obtain such license, consent, or approval from the third party. If it is unable to obtain such license, consent, or approval within a reasonable period, such Party shall provide a solution acceptable to the other Party concerning such matters.

#### 10. Notice and Service

10.1. All the notices and other correspondence required or sent under this Agreement shall be delivered to the Parties according to the addresses stated in Article 10.2 hereof by means of personal delivery, registered mail, postage prepaid, commercial courier services, or email. Any notice sent not in the manner of email shall be delivered by email again. The date on which such notice is deemed as being effectively delivered shall be determined as follows:

10.1.1. Where a notice is sent by personal delivery, courier service, registered mail, or postage prepaid, the date when the notice is received or rejected at the designated address shall be the date of effective delivery.

10.1.2. Where a notice is sent by email, the date when the email is transmitted successfully shall be the date of effective delivery (when the sender receives system information indicating successful transmission without receiving system information indicating a failure in transmitting the email or returning of the email; if the email is sent on a non-working day or during non-working time, the date shall be the next working day).

10.2. For the purpose of notices, the addresses of the Parties are as follows:

JD:

Address: 14th Floor, Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing  
Attention: \*\*\*, Strategy and Comprehensive Support Department, JD Group  
Email: \*\*\*  
Post code: 101111

One copy (not constituting a notice) to the following address:

Address: 21st Floor, Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing  
Attention: Legal Department, JD Group  
Email: \*\*\*  
Post code: 101111

ATRenew:

Address: 12th Floor, Building 6, Chuangzhi Tiandi, No. 433 Songhu Road, Yangpu District, Shanghai  
Attention: \*\*\*  
Email: \*\*\*  
Post code: 200433

- 10.3. Either Party may change its address for receiving notices by sending a notice to the other Party at any time in accordance with the provisions of Article 10 hereof.

## 11. Default Liabilities

- 11.1. If any Party hereto is in violation of the provisions hereof, causing losses to the other Party, such Party shall compensate the other Party for all the losses caused by the violation of the violating party.
- 11.2. Party A and Party B understand and agree that each of them enters into this Agreement on behalf of itself and the Affiliates under its control, and it is obligated to cause and ensure the compliance with and performance of this Agreement by the Affiliate under its control.
- 11.3. Notwithstanding the foregoing, the Parties agree that the cooperation hereunder shall be implemented on the principle of guaranteeing the normal user experience of JD. JD reserves the right to iterate, adjust, and optimize the business cooperation and relevant requirements hereunder based on changes in JD's internal policies, and in order to ensure the user experience of the JD Platform and to implement the iteration of JD products. For the avoidance of doubt, the iteration, adjustment, and optimization of the matters hereunder that are implemented due to a change in JD's internal policies, to ensure the experience of the JD Platform, and due to the iteration of JD's products shall not constitute a violation of this Agreement as long as no substantial influence is caused to the provisions hereof.

## 12. Applicable Laws and Dispute Resolution

- 12.1. The execution, effectiveness, interpretation, performance, modification, and termination of this Agreement, and the dispute resolution, shall be governed by the prevailing laws of the mainland of the People's Republic of China.
- 12.2. Any dispute arising from the interpretation and performance of this Agreement shall be resolved via friendly negotiation by the Parties hereto. If the dispute remains unresolved within 30 days after a Party sends a written notice to the other Party, requiring the negotiation to resolve the dispute, either Party may submit the relevant dispute to Beijing Arbitration Commission (hereinafter referred to as the "Arbitration Commission") for arbitration in accordance with the arbitration rules prevailing at the time of submission for arbitration.
- 12.3. The venue of arbitration shall be in Beijing. The arbitration tribunal shall consist of three (3) arbitrators, where ATRenew has the right to designate one (1) arbitrator, JD has the right to designate one (1) arbitrator, and the third arbitrator shall be designated by the Arbitration Commission. The arbitration award shall be final, and binding on the Parties.
- 12.4. Either Party may, during the period of establishing the arbitration tribunal, apply for a preliminary injunction or seek other applicable remedy from any competent court.
- 12.5. In the event of any dispute arising from the interpretation and performance of this Agreement or during the arbitration of any dispute, except for the matters in dispute, the Parties hereto shall continue to exercise their

respective other rights under this Agreement and perform their respective other obligations under this Agreement.

### 13. Miscellaneous

- 13.1. The Parties agree to try their best to negotiate in good faith on the content provided in Article 3 hereof within a practical period after the Effective Date, so as to reach a consensus on details about the implementation and operation of such provision and enter into a relevant supplementary agreement or auxiliary agreement.
- 13.2. Any modification and supplement to this Agreement shall be made in writing. The amendment and supplementary agreement duly executed by the Parties hereto with respect to this Agreement shall be part of and be equally authentic as this Agreement.
- 13.3. Without the prior written consent of the other Party, neither Party may transfer this Agreement and its rights and obligations hereunder to any third party; provided, however, that it may commission a proper Affiliate to implement relevant cooperation matters as necessary.
- 13.4. During the term of this Agreement, neither Party may release negative comments on the other Party in any public places, where the content of such comments may include, without limitation, the corporate image, corporate brand, product designing, development, and application, operating policies, and any other information in connection with the company and its products.
- 13.5. This Agreement, after taking effect, shall constitute the entire agreement and consensus between the Parties hereto on the content hereunder, and supersede all other oral and written agreements and consensuses reached by the Parties on the subject matter hereof prior to this Agreement.
- 13.6. Any matters in connection with but not explicitly specified in this Agreement shall be subject to friendly negotiation by the Parties.
- 13.7. The provisions hereof shall not constitute a partnership relationship between the Parties or making one Party as an agent of the other Party for any purposes. Neither Party has the right to bind the other Party, enter into a contract in the name of the other Party, or hold the other Party liable in any manner or for any purposes.
- 13.8. Where any provision hereof is deemed as invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining portions and provisions hereof shall not be affected, and the Parties shall deal with such invalid, illegal, or unenforceable provisions through friendly negotiation on the principle of achieving the original commercial intention as much as possible.
- 13.9. This Agreement shall take effect from the date first written above after being affixed with the seals of the Parties. This Agreement is executed in four (4) originals, each Party holding two (2) originals, and every original has the same legal force. The electronic version of this Agreement signed that is exchanged by email, confirmed by the Parties, and stored in PDF shall be deemed as an original, and may be used as evidence to prove the execution and effectiveness of this Agreement.

(The remainder of this page is intentionally left blank and is for signature only)

Seal of Party A: /s/ Beijing Jingdong Century Trading Co., Ltd.

Signature of legal /s/ Ran Xu

representative:

Seal of Party B: /s/ Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.

Signature of legal /s/ Yike Chen

representative:

**List of Principal Subsidiaries of the Registrant**

<b>Subsidiaries</b>	<b>Place of Incorporation</b>
AiHuiShou International Company Limited	Hong Kong
AHS Device Hong Kong Limited	Hong Kong
Shanghai Aihui Trading Co., Ltd.	PRC
Shanghai Wanwuxinsheng Information Technology Group Co., Ltd.	PRC
Shanghai Yueyi Network Information Technology Co., Ltd.	PRC
Changzhou Yueyi Network Information Technology Co., Ltd.	PRC

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## ATRENEW INC.

**AMENDED AND RESTATED STATEMENT OF POLICIES**  
**GOVERNING MATERIAL NON-PUBLIC INFORMATION AND**  
**THE PREVENTION OF INSIDER TRADING**

**(AS ADOPTED BY THE BOARD OF DIRECTORS OF ATRENEW INC. ON NOVEMBER 21, 2023)**

This Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading (this “**Statement**”) applies to all directors, officers, employees and consultants of ATRenew Inc. and its subsidiaries and affiliated entities (collectively, the “**Company**”).

This Statement consists of three sections: Section I provides an overview; Section II sets forth the Company’s policies prohibiting insider trading; and Section III explains insider trading.

**I.**  
**SUMMARY**

Preventing insider trading is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company, as well as that of all persons affiliated with it. “Insider trading” occurs when any person purchases or sells any securities while in possession of inside information relating to the securities. As explained in Section III below, “inside information” is information which is considered to be both “material” and “non-public.”

The Company considers strict compliance with the policies set forth in this Statement (collectively, the “**Policy**”) to be a matter of utmost importance. Violation of the Policy could cause extreme reputational damage and possible legal liability to you and the Company. Knowing or willful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Company. Violation of the Policy might expose the violator to severe criminal penalties, as well as civil liability to any person harmed by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator, not to mention the attorney’s fees of the persons harmed.

**This Statement applies to all directors, officers, employees and consultants of the Company and extends to all of such persons’ activities within and outside their duties at the Company.** Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto to the Compliance Officer for the Company (the “**Compliance Officer**”) within seven (7) days after receiving the request. Questions regarding this Statement should be directed to the Compliance Officer by e-mail at [rex.chen@atrenew.com](mailto:rex.chen@atrenew.com) and [rnc@atrenew.com](mailto:rnc@atrenew.com).

**II.**  
**POLICIES PROHIBITING INSIDER TRADING**

For purposes of this Statement, the terms “purchase” and “sell” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards, if applicable, that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below. The Policy does not apply to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold ordinary shares or American Depositary Shares (“**ADSs**”) subject to an option or other award to satisfy tax withholding requirements.

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**A. No Trading** – No director, officer, employee or consultant of the Company may purchase or sell any ADSs, ordinary shares or other securities of the Company or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a “Trading Plan”) while in possession of material non-public information relating to the Company or its ADSs, ordinary shares or other securities (the “Material Information”).

In the event that the Material Information possessed by you relates to the ADSs or other securities of the Company, the above policy will require waiting for at least forty-eight (48) hours after public disclosure of the Material Information by the Company, which forty-eight (48) hours shall include in all events at least one full Trading Day on the New York Stock Exchange (the “Stock Exchange”) following such public disclosure. The term “Trading Day” is defined as a day on which the Stock Exchange is open for trading. Except for public holidays in the United States, the Stock Exchange’s regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

**In addition, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan, without the prior clearance by the Compliance Officer, during any period designated as a “limited trading period” by the Company, regardless of whether such director, officer, employee or consultant possesses any Material Information.**

**Furthermore, all transactions in the securities of the Company (including without limitation, acquisitions and dispositions of the ADSs, the sale of ordinary shares issued upon exercise of options or vesting of other share-based awards and the execution of a Trading Plan, but excluding the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities) by directors, officers and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.**

Please see Section III below for an explanation of the Material Information.

**B. Trading Window** – Assuming none of the “no trading” restrictions set forth in Section II-A above applies, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan other than during a Trading Window.

A “Trading Window” is the period in any fiscal quarter of the Company commencing at the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the prior year or quarter, as applicable, and ending on December 31, March 31, June 30 or September 30, as the case may be.

**In other words,**

**(1) beginning on January 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal year ended on December 31 of the prior year, and**

**(2) beginning on April 1, July 1 and October 1 of each year, respectively, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal quarter ended on March 31, June 30 and September 30 of that year, respectively.**

If the Company’s public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before the Stock Exchange closes, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

**Please note that trading in any securities of the Company during the Trading Window is not a “safe harbor,” and all directors, officers, employees and consultants of the Company should strictly comply with the Policy.**

**When in doubt, do not trade! Check with the Compliance Officer first.**

Notwithstanding the foregoing, sale of securities of the Company pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II-A and II-B above.

C. **No Tipping** – No director, officer, employee or consultant of the Company may directly or indirectly disclose any Material Information to anyone who trades in securities (so-called “tipping”), regardless of whether the person or entity who receives the information, the “tippee,” is related to you and regardless of whether you receive any monetary benefit from the tippee.

D. **Confidentiality** – No director, officer, employee or consultant of the Company may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. **No Comment** – No director, officer, employee or consultant of the Company may discuss any internal matters or developments of the Company with anyone outside the Company, except as required for the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, research analysts or others, or any requests for comments or interviews, you are required to decline comment and direct the inquiry or request to the Company’s Chief Financial Officer, who is responsible for coordinating and overseeing the release of information of the Company to the investing public, analysts and others in compliance with applicable laws and regulations.

F. **Corrective Action** – If you become aware that any potential Material Information has been or may have been inadvertently disclosed, you must notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

G. **Rule 10b5-1 Trading Plans** – Rule 10b5-1 provides an affirmative defense against insider trading liability under U.S. securities laws. A person subject to this Policy can rely on this defense and trade in the Company’s securities, regardless of their awareness of inside information, if the transaction occurs pursuant to a pre-arranged written Trading Plan that was entered into when the person was not in possession of material non-public information and that complies with the requirements of Rule 10b5-1.

Anyone subject to this Policy who wishes to enter into a Trading Plan must submit the Trading Plan to the Compliance Officer for approval at least five business days prior to the planned entry into the Trading Plan. Trading Plans may not be adopted by a person when he or she is in possession of material non-public information about the Company or its securities and must comply with the requirements of Rule 10b5-1 (including specified waiting periods and limitations on multiple overlapping plans and single trade plans).

Once a Trading Plan is adopted, you must not exercise any subsequent influence over the amount of securities to be traded, the price at which they are to be traded or the date(s) of the trade(s). You may amend or replace a Trading Plan only during periods when trading is permitted in accordance with this Policy, and you must submit any proposed amendment or replacement of a Trading Plan to the Compliance Officer for approval prior to adoption. You must provide notice to the Compliance Officer prior to terminating a Trading Plan. You should understand that a modification or termination of a Trading Plan may call into question your good faith in entering into and operating the plan (and therefore may jeopardize the availability of the affirmative defense against insider trading allegations).

### III. EXPLANATION OF INSIDER TRADING

As noted above, “**insider trading**” refers to the purchase or sale of a security while in possession of “material” “non-public” information relating to the security. “Securities” include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. “Purchase” and “sale” are defined broadly under the U.S. federal securities laws. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to a security. It is generally understood that “**insider trading**” includes the following:

- trading by insiders while in possession of material non-public information;
- trading by persons other than insiders while in possession of material non-public information where the information either was given in breach of an insider’s fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material non-public information to others, including recommending the purchase or sale of a security while in possession of material non-public information.

As noted above, for purposes of this Statement, the terms “purchase” and “sell” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the Policy.

#### What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the securities. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts, or changes to previously released earnings announcements or guidance;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in such plans;
- capital investment plans or changes in such plans;
- material litigation, administrative action or governmental investigations or inquiries about the Company, any of its affiliated companies, or any of its officers or directors;
- significant borrowings or financings;

- defaults on borrowings;
- new equity or debt offerings;
- adoption of repurchase plans or amendment of existing repurchase plans;
- significant personnel changes;
- a cybersecurity incident or risk that may adversely impact the Company's business, reputation or share value;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade.**

#### What is Non-public?

Information is "**non-public**" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press, PR Newswire or United Press International. Circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately forty-eight (48) hours following publication as a reasonable waiting period before such information is deemed to be public.

#### Who is an Insider?

"**Insiders**" include directors, officers, employees and consultants of a company and anyone else who has material non-public information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material non-public information relating to the company's securities. All directors, officers, employees and consultants of the Company are considered insiders with respect to material non-public information about business, activities and securities of the Company. The directors, officers, employees and consultants of the Company may not trade the Company's securities while in possession of material non-public information relating to the Company or tip (or communicate except on a need-to-know basis) such information to others.

It should be noted that trading by household members of a director, officer, employee or consultant can be the responsibility of such director, officer, employee or consultant under certain circumstances and could give rise to legal and Company-imposed sanctions.

#### Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material non-public information to a third party (a "**tippee**"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material non-public information tipped to them or individuals who trade on material non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material non-public information tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the material non-public information along to others who trade on such information. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

### Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in the unlawful conduct and their employers. The United States Securities and Exchange Commission and the United States Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the U.S. federal securities laws include:

- administrative sanctions;
- sanctions by self-regulatory organizations in the securities industry;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of profits gained by the violator;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided by the violator;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of approximately US\$2,500,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to US\$5,000,000 (US\$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the U.S. federal securities laws. Other U.S. federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated upon the occurrence of insider trading.

### Material Non-public Information Regarding Other Companies

This Policy and the guidelines described herein also apply to material non-public information relating to other companies, including the Company's customers, vendors and suppliers ("**Business Partners**"), particularly when that information is obtained in the course of employment with, or other services performed by, or on behalf of, the Company. Civil and criminal penalties, and discipline, including termination of employment for cause, may result from trading on material non-public information regarding the Company's Business Partners. Each individual should treat material non-public information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

### Individual Responsibility

Each person subject to this Policy is individually responsible for complying with this Policy and ensuring the compliance of any family members, such as spouses, minor children, adult family members who share the same household, and any other person or entity whose securities trading decisions are influenced or controlled by the person whose transactions are subject to this Policy. Accordingly, you should make your family and household members aware of the need to confer with you before they trade in the Company's securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws concerning trading while in possession of material non-public information as if the transactions were for your own account.

**CERTIFICATION OF COMPLIANCE**

TO: Compliance Officer

RE: AMENDED AND RESTATED STATEMENT OF POLICIES OF ATRENEW INC. GOVERNING MATERIAL NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING

I have received, reviewed, and understand the policies set forth in the above-referenced Amended and Restated Statement of Policies (such policies, as amended from time to time, the “**Policy**”) and hereby undertake, as a condition to my present and continued employment at or association with ATRenew Inc. or any of its subsidiaries or affiliated entities, to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with ATRenew Inc. or any of its subsidiaries or affiliated entities.

I hereby undertake to adhere to the Policy in the future.

**Signature:** \_\_\_\_\_  
**Name:** \_\_\_\_\_  
**ID Card Number:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

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**Certification by the Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kerry Xuefeng Chen, certify that:

1. I have reviewed this annual report on Form 20-F of ATRenew Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 11, 2025

By: /s/ Kerry Xuefeng Chen

Name: Kerry Xuefeng Chen

Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Chen Chen, certify that:

1. I have reviewed this annual report on Form 20-F of ATRenew Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 11, 2025

By: /s/ Chen Chen

Name: Chen Chen

Title: Chief Financial Officer

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**Certification by the Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ATRenew Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kerry Xuefeng Chen, the chief executive officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 11, 2025

By: /s/ Kerry Xuefeng Chen  
Name: Kerry Xuefeng Chen  
Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ATRenew Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chen Chen, the chief financial officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 11, 2025

By: /s/ Chen Chen  
Name: Chen Chen  
Title: Chief Financial Officer

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-271485 and 333-259187 on Form S-8 of our reports dated April 11, 2025 relating to the financial statements of ATRenew Inc. and the effectiveness of ATRenew Inc.'s internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2024.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP  
Shanghai, the People's Republic of China  
April 11, 2025

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April 11, 2025

**To: ATRenew Inc.**

12th Floor, No. 6 Building, 433 Songhu Road, Shanghai  
People's Republic of China

Dear Sir/Madam:

We have acted as legal advisors as to the laws of the People's Republic of China (excluding Hong Kong, Macau and Taiwan) to ATRenew Inc., an exempted limited liability company incorporated in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 31 December 2024 (the "**Annual Report**").

We hereby consent to the reference of our name under the headings "Item 3. Key Information" and "Item 4. Information on the Company—B. Business Overview—Enforceability of Civil Liabilities in Mainland China" in the Annual Report, and further consent to the incorporation by reference of the summary of our opinions under these headings into the Company's Registration Statement on Form S-8 (No. 333-259187) filed on August 31, 2021 and the Company's registration statement on Form S-8 (No. 333-271485) that was filed on April 28, 2023.

We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ Han Kun Law Offices

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Han Kun Law Offices

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ATRenew Inc.  
12th Floor, No. 6 Building  
433 Songhu Road, Shanghai  
People's Republic of China

11 April, 2025

Dear Sir or Madam

**ATRenew Inc.**

We have acted as legal advisers as to the laws of the Cayman Islands to ATRenew Inc., an exempted limited liability company incorporated in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 31 December 2024 (the "**Annual Report**").

We hereby consent to the reference to our firm under the heading "Item 10. Additional Information—E. Taxation" and "Item 16G. Corporate Governance" in the Annual Report, and we further consent to the incorporation by reference of the summary of our opinions under these headings into the Company's registration statement on Form S-8 (File No. 333-259187) that was filed on 31 August 2021 and the Company's registration statement on Form S-8 (File No. 333-271485) that was filed on 28 April 2023.

We consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP  
Maples and Calder (Hong Kong) LLP

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